

AMENDING AGREEMENT NO. 6

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

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

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

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

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

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

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

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

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

"Clean Energy Adjustment" means...

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

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

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(1) “(1.1.L) Any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.”

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Commented [LS2]: Add definition

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

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

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

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

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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

ONTARIO ELECTRICITY FINANCIAL CORPORATION

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

Commented [LS3]: Confirm title

~~SCHEDULE 1~~

Commented [LS4]: Delete schedule

~~FORM OF FIFTH REFINANCING NOTE~~
~~INDEPENDENT ELECTRICITY SYSTEM OPERATOR~~
~~NOTE~~

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

~~Date: April 30, 2017~~

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

~~Due: June 30, 2020~~

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

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

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

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

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

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

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

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

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

~~INDEPENDENT ELECTRICITY SYSTEM OPERATOR~~

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

AMENDING AGREEMENT NO. 7

This Amending Agreement is made as of the 5th day of December, 2017 between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

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

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

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

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

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

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

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

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

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

(l) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

3. Subsection 2.2(2) of the Agreement is deleted and replaced by the following:

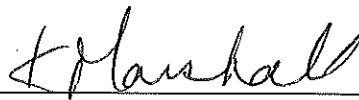
(2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.

4. Delete the paragraph following the heading "Section 3.7 Other Indebtedness" and replace with the words "Intentionally Left Blank".

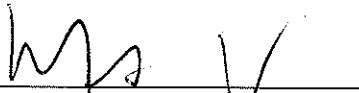
IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

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

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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

ONTARIO ELECTRICITY FINANCIAL CORPORATION

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

AMENDING AGREEMENT NO. 7

This Amending Agreement is effective as of the 5th day of December, 2017.

BETWEEN: INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

as Borrower

AND: ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFEC")

as Lender

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

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

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

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

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

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

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

2. The definition of "Ontario's Fair Hydro Plan" is deleted in its entirety.
3. The definition of the term "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of paragraph (j); deleting

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

3. Subsection 2.2(2) of the Agreement is deleted and replaced by the following:

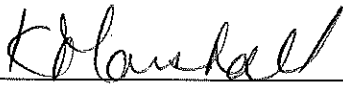
(2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.

4. Delete the paragraph following the heading "Section 3.7 Other Indebtedness" and replace with the words "Intentionally Left Blank".

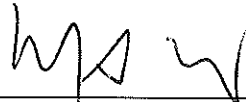
IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

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

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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

ONTARIO ELECTRICITY FINANCIAL CORPORATION

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

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

BACKGROUND

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

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

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

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

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

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

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

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

Commented [LS1]: Program area please confirm accuracy of directives.

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Commented [LS2]: After discussion with Ken Russell, we think the directive should be limited to the new credit facility agreement.

Commented [SK83R2]: I understand we are deciding to ensure both credit facilities are covered the Intercept Exemption Directive. Will revert language back accordingly.

Commented [JK4R2]: A business decision -- which I am sure ADM/CEO would support

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COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE TO MINISTER

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

RECOMMENDATION

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

CONSIDERATIONS

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

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

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

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

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

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

RATIONALE FOR EXEMPTION

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

COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE TO MINISTER

- While the IESO settlements system for the electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers.
- ~~Intercepting these program specific payments~~, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment of the intent of the OFA's Lending Policy.

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

Commented [SK87R6]: There are payments (appropriated to Energy from the legislature) made to the IESO to carry out price mitigation programs (eg. electricity support programs).

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

Commented [JK8R6]: To Lisa's question - I don't believe that is the intent of requiring an intercept provision.

MINISTER'S DIRECTIVE

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

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

Commented [LS10]: See earlier comment

Commented [SK811R10]: Bullet above modified to include both facilities.

Commented [JK12R10]: To proceed with the Intercept Exemption Directive for the two facilities only.

FISCAL IMPACT

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

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

BACKGROUND

The IESO

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

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

COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE TO MINISTER

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

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BACKGROUND

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

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

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

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

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

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

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RECOMMENDATION

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

CONSIDERATIONS

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

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

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

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

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

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

RATIONALE FOR EXEMPTION

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

MINISTER'S DIRECTIVE

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

FISCAL IMPACT

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

COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE TO MINISTER

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Commented [LS3]: Is this even a possibility? I thought there were no funds to intercept.

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BACKGROUND

The IESO

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

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

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

To: Ontario Financing Authority ("OFA")

WHEREAS: [insert background re: OFHP Act]

WHEREAS: [IESO has requested funding.....]

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

The following terms and conditions shall apply in respect of the Loans:

1. The Loan shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the ~~implementation of the Fair Hydro Plan, under the Ontario Fair Hydro Plan Act, 2017.~~
2. A Loan to IESO will only be made at the request and on the recommendation of the ~~Minister of Energy.~~
3. The OFA will charge interest on the Loan equal to the Province's ~~total cost of funds,~~ including commissions, plus a twenty-five (25) basis point spread ~~("Spread").~~
4. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than ~~December 31, 2047.~~
5. ~~Each of the~~ The Loans shall be evidenced by a ~~loan credit~~ agreement containing terms and conditions consistent with this Directive and approved by the CEO of the OFA, or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.

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

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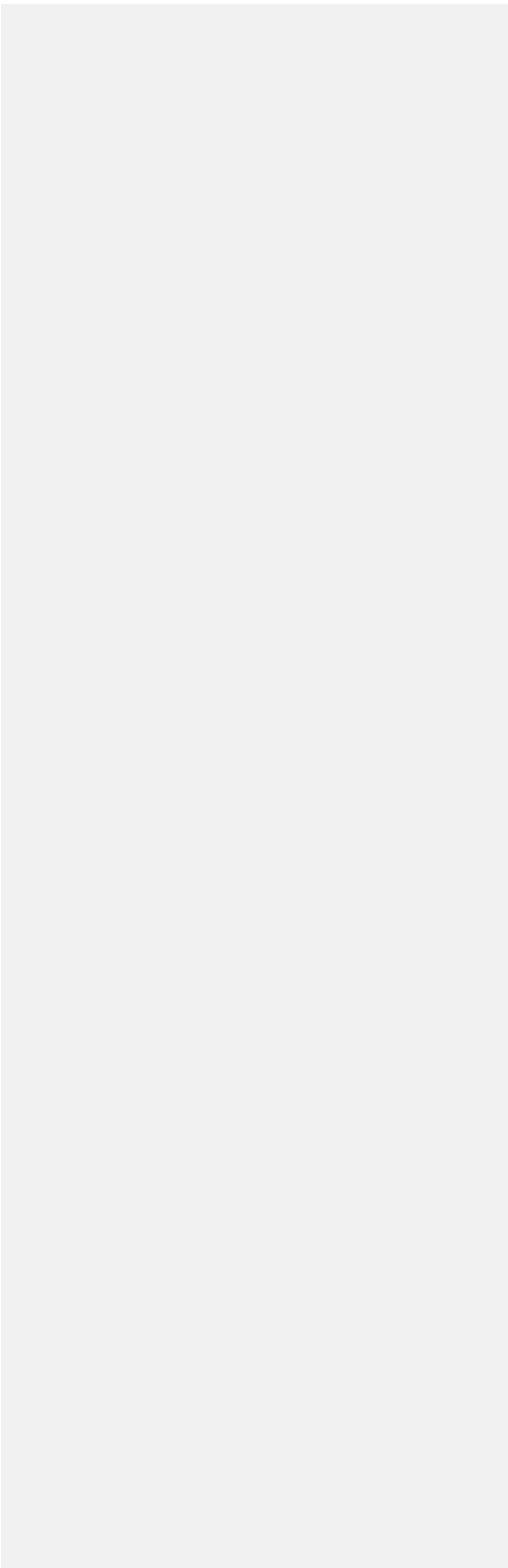
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Dated , 2017

Charles Sousa
Minister of Finance



~~ONTARIO POWER AUTHORITY~~

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

As Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ~~1st~~(-) day of ~~January 2005~~, between: July 2017,

A. ~~ONTARIO POWER AUTHORITY~~ BETWEEN:

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

(as Borrower)

AND

~~B. ONTARIO FINANCING AUTHORITY~~, a Crown agency established under the Capital Investment Plan Act, 1993 (~~"OFA" and together with the IESO, the "OFA"; "Parties"~~)

~~RECITAL:~~

(the "OFA")

RECITALS:

WHEREAS ~~the OPA~~IESO has requested ~~an operating line of a~~ short term revolving credit facility for up to a maximum principal amount of CAD \$2 billion from ~~the OFA~~the OFA for the purpose of ~~its funding from the OFA to supporting the IESO's role in the amount implementation and administration of the~~ of \$500 million and the OFA has agreed to provide such a line the Ontario Fair Hydro Plan Act, 2017 (the "OFHP").

AND WHEREAS pursuant to Directive (-), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit to the OPA facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (-) cannot exceed \$2,000,000,000;

NOW AND WHEREAS pursuant to Order in Council (-)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed \$2,000,000,000;

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

"Advances" means advances made by the OFA to ~~the OPA~~IESO under Article 3 and "Advance"

" means any one of such advances.

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

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

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

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

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

"Commitment" means, at any time, an amount equal to \$500 million 2 billion.

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

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

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

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

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

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

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

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

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

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

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

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- (g) any Lien the validity of which is being contested at the time by the OPAIESO or a Material Subsidiary, in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the OPAIESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPAIESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the OPAIESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPAIESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the OPAIESO or any Material Subsidiary, or the value of such property for the purpose of any such business.
- "Person"** means any individual, corporation, partnership, joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof
- "Purchase Money Mortgage"** means any Lien on property, granted in connection with financing assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.
- "Repayment Date"** means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.
- "Short-Term Credit Facility"** means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.
- "Stated Maturity"**, when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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“Subsidiary” means:

- (a) a corporation with more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

“Swap Contract” means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and
- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings and Table of Contents.

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

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

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words “including” and “includes” mean “including (or includes), without limitation”, and (b) in the computation of periods of time from a specified

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date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

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

Section 1.5 Non-Business Days.

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

ARTICLE 2-~~OPERATING~~
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

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

Section 2.2 Commitment and Facility Limits.

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

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Section 2.2 Use of Proceeds,

The ~~OPA~~IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.”

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short-Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short-Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment,

Subject to Sections 2.9 and 5.1 and 5.2, the ~~OPA~~IESO shall repay each Advance together with the interest accrued thereon, on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006, September 30, 2022.

Section 2.5 Prepayments,

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

Section 2.7 Payments under this Agreement,

The OPA

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

(+)(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the ~~OPA~~IESO from time to time, or in such other manner as the OFA may specify to the ~~OPA~~IESO from time to time. The ~~OPA~~IESO shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer

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~~instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.~~

Section 2.87 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.98 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the OPAIESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).
- (2) In the event that any such payments are limited or prohibited as provided in Section 2.98(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPAIESO under the Operating Short-Term Credit Facility from time to time on any Business Day prior to November 30, 2006 August 31, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(3), each Advance shall be made ~~on one subject to two~~ Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the OPAIESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPAIESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 37 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2, months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the OPAIESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPAIESO authorizes the OFA to record on the grid

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promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each

(2) payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. ~~Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPAJESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.~~

Section 3.3 Elections Regarding Advances.

(1) The ~~OPA~~~~IESO~~ may elect to continue all or a portion of the principal amount of any Advance for a further period of ~~1 month, 2 months or 3 months~~ 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made ~~one~~two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the ~~OPA~~~~IESO~~ to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the ~~OPA~~. ~~If the OPA~~~~IESO~~ and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the ~~IESO~~ fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

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

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of ~~IESO~~, subject to the existence of any Permitted Liens of ~~IESO~~.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by ~~IESO~~.

Section 3.4 Interest on Advances.

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

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

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

Section 3.5 Conditions Precedent

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

- (a) that the representations and warranties of the OPAIESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPAIESO; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPAIESO is in compliance with the ~~ten~~ terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPAIESO confirming that the borrowing is within the legal powers of the OPAIESO and that the Agreement is a direct, unsecured obligation of the OPAIESO enforceable against the OPAIESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE OPAIESO

Section 4.1 Payment of Advances.

The OPAIESO will duly and punctually pay ~~or cause to be paid all~~ principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and ~~subject to the~~ conditions of this Agreement.

Section 4.2 OPAIESO will Maintain its Corporate Existence.

The OPA

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

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

business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.7 Payment of OFA Expenses

The OFA

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

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5 EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

- (a) the IESO's failure to pay any interest upon the principal amount of any Advance when it becomes due and payable, if such failure continues all interest accrued thereon on the applicable Repayment Date for a period of 3 Business Days business days and any other amounts owing under this Agreement when due;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006 September 30, 2022;

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

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

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

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

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

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

(h) the OPA;

(g) the IESO or any Material Subsidiary :

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

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

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

(A) to adjudicate it a bankrupt or insolvent,

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

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

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

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

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

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

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

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the OPAIESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

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

Section 5.4 OFA May File Proof of Claim.

~~If proceedings~~

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

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

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

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

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

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF OPAIESO

Section 6.1 Representations and Warranties of OPAIESO

The OPAIESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the OPAIESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPAIESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPAIESO, laws of Ontario, including laws of Canada applicable therein, applicable to the OPAIESO or any contractual or other obligation binding on the OPAIESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPAIESO enforceable against it in accordance with its terms; and

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(d) the monies advanced under this Agreement shall be used only by the ~~OPA~~ IESO for the purposes set out in Section 2.32.

Section 6.2 Continuation of Representation and Warranties

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

ARTICLE 2.7 ~~GENERAL~~ CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8 ~~GENERAL~~

Section 8.1 Notices.

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

If to the ~~OPA~~ IESO, to it at:

Ontario Power Authority 880 Bay Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
3rd Floor
Toronto, ON M7A 2G5 H1T1

Attention: Chief ~~Executive~~ Financial Officer

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Telephone: (416)969-6232
~~Telecopier:~~
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A1Y7

Attention: Executive Director -- Capital Markets Division
~~Telephone:~~ Telephone: (416)325-81288930
~~Telecopier:~~ Telecopier: (416)325-80058111

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

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 78.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 78.1.

Section 78.2 Successors and Assigns.

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

Section 78.3 Amendments.

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

Section 78.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 78.5 Further Assurances.

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

Section 78.6 Severability.

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

Section 78.7 Governing Law.

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

Section 78.8 Counterparts.

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

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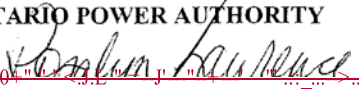
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IN WITNESS WHEREOF the ~~parties~~Parties have executed this Amending Agreement as of the ~~1st~~
~~day of January, 2005~~date first written above.

ONTARIO POWER AUTHORITY

by: 

Name: ~~Rosalyn Lawrence~~

Authorized Signing Officer

and: 

Name: ~~Riegs~~ 

Authorized Signing Officer

~~ONTARIO FINANCING~~



HORITY

by: 

Name:

Title: Gadi Mayman

Chief Executive Officer

ONTARIO FINANCING AUTHORITY

Per: _____ Name: _____

Name: Michael D. Manning

Title: Executive Director

Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;

Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Telecopier: (Fax: 416)-204-7920

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

M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority~~, refer the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~Insert~~ July (), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined) ~~between the OPA and the OFA,~~ and gives you notice pursuant to Section 3.2 of the Agreement that the ~~OPA~~ IESO requests an Advance under the Agreement, and in ~~that~~ connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- ~~(b) (b)~~ The aggregate amount of the Proposed Advance is _____ \$ _____;
- ~~(c) (c)~~ The Repayment Date of the Proposed Advance is _____; ~~[not more~~
~~[Not earlier than 3 months~~ 7 days and not later than 95 days after the date of the Proposed Advance].

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

- (1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

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constitute an Event of Default.

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

warranties
of the IESO
Any and all funds received under the Agreement will be expended or held solely for the
contained purpose for which they are authorized to be used under the Agreement; no part of the
in the funds to be received pursuant to this Notice shall be used for any other purpose.

Agreement

are true and

correct as at

the date

hereof.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

No Event

of Default

has

occurred or

is

Per: _____

continuing

and no

event or

condition

has

occurred,

Per: _____

which, with

the lapse of

time or the

giving of

notice or

both would

Name: _____

Authorized Signatory

~~Per:~~

~~Rick Jennings~~

~~Authorized Signatory~~

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

|

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via ~~Telecopier: (Fax: 416)-204-7920~~

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~ the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~(insert)~~ July (-), 2017 (as amended, supplemented or restated from time to time, the "Agreement"), the terms defined therein being used herein as therein defined, ~~between the OPA and OFA,~~ and gives you notice pursuant to Section 3.3 of the Agreement that the ~~OPA~~ IESO elects to continue all or a portion of an Advance for an additional term, and, in ~~that~~ with such election, sets forth below the information relating to ~~the such~~ election as required by Section 3.3(~~3.2~~) of the Agreement:

(a) The ~~outstanding date~~ of the proposed election, being a Business Day is ;

(b) The aggregate amount of the proposed election is \$;

~~(a) i. previous principal amount of such Advance to be continued is \$~~
 \$

ii. interest \$

~~(b)~~ (c) The new Repayment Date applicable to such Advance is: ~~[not more~~ . ~~[Not earlier than 3 months~~ 7 days and not later than 95 days after the current Repayment Date for the Advance.]

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

The IESO hereby certifies that:

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

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

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

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

Yours truly,

~~ONTARIO POWER AUTHORITY~~

Per: _____.

~~Rosalyn Lawrence~~ INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized -Signatory

~~Per:~~

~~Rick Jennings~~

~~Authorized Signatory~~

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

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**SCHEDULE 3 ~~ONTARIO POWER AUTHORITY~~
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE**

Principal Amount: Up to \$~~500~~2,000,000,000

Date: -

**FOR VALUE RECEIVED, ~~ONTARIO POWER AUTHORITY~~INDEPENDENT
ELECTRICITY SYSTEM OPERATOR** (the "**OPA**");

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

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

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated ~~July (·), 2017~~ as ~~of (insert)~~ amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

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

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

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

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

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IN WITNESS WHEREOF the ~~OPA Company~~ has executed this Note.

ONTARIO POWER AUTHORITY

Per: *Rosalyn Lawrence*
~~ZZWUL~~

~~Rosalyn Lawrence~~
~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~
~~Authorized Signatory~~

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

I
I

By: _____

By: _____

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<u>DATE</u> <u>Date</u>	<u>PRINCIPAL</u> <u>RATE</u> <u>ADVANCED</u> <u>Principal Advanced</u>	<u>REPAYMENT</u> <u>DATE</u> <u>AND</u> <u>PRINCIPAL</u> <u>REPAID</u> <u>Rate</u>	<u>INTEREST</u> <u>PAYMENT DATE</u> <u>AND</u> <u>AMOUNT</u> <u>Repayment Date and</u> <u>Principal Repaid</u>	<u>UNPAID</u> <u>PRINCIPAL</u> <u>Balance</u> <u>Interest Payment</u> <u>Date and</u> <u>Amount</u>	<u>NOTATION</u> <u>MADE BY</u> <u>Unpaid</u> <u>aid</u> <u>Principal</u> <u>Balance</u>	<u>Notation</u> <u>Made</u> <u>By</u>

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Line of Credit Grid Note

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DIRECTIVE

MINISTER OF FINANCE

LOANS TO THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR

To: Ontario Financing Authority ("OFA")

Whereas:

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

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

Commented [LS1]: Program area please confirm accuracy of directives.

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

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

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

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

Pursuant to a directive from the Minister dated June 29, 2017 (the "2017 Directive"), the OFA was directed to provide a new revolving credit facility to the IESO for the purposes of providing short to medium term financing related to the IESO's role in the implementation of the OFHP Act (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister, Treasury Board or Cabinet. The intercept provision applies to money appropriated by the Legislature for a public body.

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

As there is no operational funding appropriated by the Legislature for the IESO, the intercept provision has no application for OFA loans to the IESO.

Commented [LS2]: Amended as per Malle's comments. Program area please confirm.

Therefore:

The OFA is not required to include an intercept provision in the following two credit facility agreements with the IESO:

- a) the Original Credit Facility Agreement, as may be amended from time to time; and,
- b) the OFHP Credit Facility agreement, as may be amended from time to time.

(together, the “IESO Credit Facility Agreements”)

The IESO Credit Facility Agreements shall remain subject to all other terms and conditions as set out in the applicable directives.

Dated _____, 2017

Charles Sousa

Minister of Finance

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

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

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of \$2 billion

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

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

The OFA will be borrowing funds for this requested credit facility under the authority of OIC ####.

Therefore:

i) Line of Credit

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

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

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").
- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread to cover the OFA's lending costs ("Cost Recovery Fee").
- Advances under the Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than five years after the execution of the Credit Agreement.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [LS2]: Program area

Commented [LS3]: Business decision; program area to confirm.

Commented [LS4]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [LS5]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

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

ii) Retention of spread

Pursuant to Order in Council (####), made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the Cost Recovery Fee as set out above.

Commented [LS6]: Confirm authorization is contained in new OIC

Commented [LS7]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Dated _____, 2017

Charles Sousa

Minister of Finance

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November 6, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the 6 day of November 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the “**IESO**”) (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “**OFA**” and together with the IESO, the “**Parties**”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “**Continued Advance**”, as defined in Section 3.3(1), as applicable.

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

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

"Borrowing Notice" has the meaning specified in Section 3.2(1).

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

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

"Commitment" means, at any time, an amount equal to \$2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

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

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

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

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

"First Advance" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

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

- (a) every obligation of such Person for borrowed money;
- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

"New Repayment Date" has the meaning specified in Section 3.3(2).

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

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and
- (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

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

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

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

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

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and
- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

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

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

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

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

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

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

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

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

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

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

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

Section 2.6 Payments under this Agreement.

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

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).
- (2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.
- (3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

- (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.
- (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subsections 4.6 (a) through (e) hereof.
- (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario’s cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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

Section 3.5 Conditions Precedent

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

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

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

Section 4.4 Insurance.

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

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

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

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

- (c) Permitted Liens;
- (d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and
- (e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

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

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

- (a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:
 - (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
 - (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);
- (g) the IESO or any Material Subsidiary:
 - (i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;
 - (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

- (iii) institutes or has instituted against it any proceeding seeking:
 - (A) to adjudicate it as bankrupt or insolvent,
 - (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or
 - (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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

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

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

- (a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

- (b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

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

Section 5.4 OFA May File Proof of Claim.

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

- (a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

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

Section 5.7 Intercept

- (a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the “**Intercept Letter**”), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO (“**Appropriated Funds**”), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA’s compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA (“**Intercept**”).
- (b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO’s failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
- (c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
- (d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
- (e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

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

ARTICLE 7 GENERAL

Section 7.1 Notices.

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

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

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

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

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

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

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

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

Section 7.6 Severability.

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

Section 7.7 Governing Law.

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

Section 7.8 Entire Agreement.

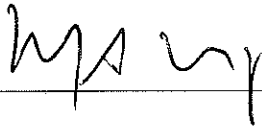
This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

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

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

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

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

- (a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.
- (b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:
 - i. principal amount (or portion thereof) of Advance which is to be continued \$_____; and
 - ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;
- (c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): \$_____.
- (d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

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

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$ _____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$ _____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

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

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

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

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator

Loan Limit:

Project:

Schedule of loan transactions to:

Loan Advanced to:

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

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October __, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the “**IESO**”) (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “**OFA**” and together with the IESO, the “**Parties**”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.

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

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

"Borrowing Notice" has the meaning specified in Section 3.2(1).

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

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

"Commitment" means, at any time, an amount equal to \$2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

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

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

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

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

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

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

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

- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

"New Repayment Date" has the meaning specified in Section 3.3(2).

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and
- (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

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

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

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

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

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and
- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

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

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

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

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

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

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

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

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

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

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

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

Section 2.6 Payments under this Agreement.

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

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).
- (2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

- (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.
- (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subsections 4.6 (a) through (e) hereof.
- (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario’s cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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

Section 3.5 Conditions Precedent

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

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

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

Section 4.4 Insurance.

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

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

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

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

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

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

Section 4.7 Payment of OFA Expenses

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

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

- (a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:
 - (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
 - (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);
- (g) the IESO or any Material Subsidiary:
 - (i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;
 - (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

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

- (A) to adjudicate it as bankrupt or insolvent,
- (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or
- (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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

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

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

- (a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

- (b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

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

Section 5.4 OFA May File Proof of Claim.

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

- (a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

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

Section 5.7 Intercept

- (a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amount equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness when due under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
- (b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing of the IESO's failure to pay when due any amounts owing under this Agreement hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
- (c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
- (d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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Commented [LS2]: Assumes letter signed on same date as agreement

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ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

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

ARTICLE 7 GENERAL

Section 7.1 Notices.

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

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232

Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

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

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

Section 7.2 Successors and Assigns.

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

Section 7.3 Amendments.

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

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

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

Section 7.6 Severability.

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

Section 7.7 Governing Law.

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

Section 7.8 Entire Agreement

This Agreement, including and the Schedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties parties before the date the OFA signs this Agreement.

Commented [LS3]: Okay; tracked language in AA#10

Section 7.98 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

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

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$_____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator (“IESO”), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the “Agreement”, the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:
i. principal amount (or portion thereof) of Advance which is to be continued \$_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any):
\$ _____

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

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

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the “Proposed Advance”):

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

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

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

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

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

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: ~~November~~[October](#) __, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the “**IESO**”) (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “**OFA**” and together with the IESO, the “**Parties**”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “**Continued Advance**”, as defined in Section 3.3(1), as applicable.

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

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

"Borrowing Notice" has the meaning specified in Section 3.2(1).

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

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

"Commitment" means, at any time, an amount equal to \$2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

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

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

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

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

"First Advance" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

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

- (a) every obligation of such Person for borrowed money;
- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

"New Repayment Date" has the meaning specified in Section 3.3(2).

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and
- (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

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

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

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

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

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and
- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

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

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

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

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

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

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

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

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

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

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

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

Section 2.6 Payments under this Agreement.

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

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).
- (2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

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

(3) ~~For the purposes of~~ Respecting the first Advance to be made under this Agreement (the "**First Advance**"), the purpose of which shall include the repayment of a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the ~~the~~ Credit Agreement between the Parties dated January 1, 2005, as amended, (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance ~~and shall also be noted grid of the~~. Concurrently with the First Advance, OFA shall provide to the IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the, ~~as indicated in the Borrowing Notice~~, shall constitute a repayment under the Existing Credit Facility of the Repayment Amount thereunder.

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Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the “**Continued Advance**”) for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an “**Election Notice**”) shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the “**Current Repayment Date**”), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify:
(a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.
- (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.
- (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subsections 4.6 (a) through (e) hereof.
- (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

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- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.
- (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

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

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

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

Section 4.4 Insurance.

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

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

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

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;
- (c) Permitted Liens;
- (d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and
- (e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

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

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5 EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

- (a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:

- (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
- (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

- (i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;
- (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;
- (iii) institutes or has instituted against it any proceeding seeking:
 - (A) to adjudicate it as bankrupt or insolvent,
 - (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or
 - (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or
- (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (g)(i) to (iii); or

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

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

- (a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.
- (b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

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

Section 5.4 OFA May File Proof of Claim.

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

- (a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

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

Section 5.7 Intercept

- (a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the “**Intercept Letter**”), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO (“**Appropriated Funds**”), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA’s compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA (“**Intercept**”).
- (b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO’s failure to pay when due any amounts owing hereunder and

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requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

- (c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

~~(e)(d)~~ For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

- ~~(d)(e)~~ The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

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

ARTICLE 7 GENERAL

Section 7.1 Notices.

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

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

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

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

Section 7.2 Successors and Assigns.

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

Section 7.3 Amendments.

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

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

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

Section 7.6 Severability.

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

Section 7.7 Governing Law.

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

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto [and any other agreements expressly referred to herein](#), constitutes the whole agreement between the Parties with respect to the

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matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

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

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

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

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$_____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:
i. principal amount (or portion thereof) of Advance which is to be continued \$_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any):
\$ _____

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

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

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

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

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

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **INSERT DATE** ~~October (+), 2017~~ as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

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

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October __, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the “**IESO**”) (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “**OFA**” and together with the IESO, the “**Parties**”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “**Continued Advance**”, as defined in Section 3.3(1), as applicable.

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

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

"Borrowing Notice" has the meaning specified in Section 3.2(1).

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

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

"Commitment" means, at any time, an amount equal to \$2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

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

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

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

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

"First Advance" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

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

- (a) every obligation of such Person for borrowed money;
- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

"New Repayment Date" has the meaning specified in Section 3.3(2).

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and
- (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

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

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

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

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

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and
- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

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

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

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

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

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

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

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

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

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

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

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

Section 2.6 Payments under this Agreement.

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

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).
- (2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

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

(3) For the purposes of the first Advance to be made under this Agreement (the "**First Advance**"), the purpose of which shall include the repayment of a portion of the IESO's outstanding indebtedness to the OFA under the Credit Agreement between the Parties dated January 1, 2005, as amended, (the "**Existing Credit Facility**"), the IESO and the OFA agree that a specified portion of the entry of the First Advance on the Grid Note, as indicated in the Borrowing Notice, shall constitute a repayment under the Existing Credit Facility.

Section 3.3 Elections Regarding Advances.

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- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the “**Continued Advance**”) for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an “**Election Notice**”) shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the “**Current Repayment Date**”), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify:
(a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.
- (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.
- (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subsections 4.6 (a) through (e) hereof.
- (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

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

- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.
- (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

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

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

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

Section 4.4 Insurance.

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

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and ratably with any and all such obligations secured or to be secured by such Lien, for so long as

such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;
- (c) Permitted Liens;
- (d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and
- (e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

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

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

- (a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:
 - (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
 - (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

- (i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;
- (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;
- (iii) institutes or has instituted against it any proceeding seeking:
 - (A) to adjudicate it as bankrupt or insolvent,
 - (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or
 - (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or
- (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (g)(i) to (iii); or

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

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

- (a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.
- (b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

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

Section 5.4 OFA May File Proof of Claim.

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

- (a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

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

Section 5.7 Intercept

- (a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of (even date) herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amount equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness when due under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amount equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
- (b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing of the IESO's failure to pay when due any amounts owing under this Agreement hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
- (c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

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(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

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

ARTICLE 7 GENERAL

Section 7.1 Notices.

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

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

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

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

Section 7.2 Successors and Assigns.

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

Section 7.3 Amendments.

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

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

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

Section 7.6 Severability.

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

Section 7.7 Governing Law.

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

Section 7.8 Entire Agreement.

This Agreement, including and the Schedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties parties before the date the OFA signs this Agreement.

Commented [LS4]: Okay; tracked language in AA#10

Section 7.98 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

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

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

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

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$_____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:
i. principal amount (or portion thereof) of Advance which is to be continued \$_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any):
\$ _____

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

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

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

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

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

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

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

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November __, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the “**IESO**”) (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “**OFA**” and together with the IESO, the “**Parties**”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.

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

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

"Borrowing Notice" has the meaning specified in Section 3.2(1).

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

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

"Commitment" means, at any time, an amount equal to \$2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

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

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

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

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

"First Advance" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

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

- (a) every obligation of such Person for borrowed money;
- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

"New Repayment Date" has the meaning specified in Section 3.3(2).

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

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"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and
- (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

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

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

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

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

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and
- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

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

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

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

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

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

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

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

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

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

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

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

Section 2.6 Payments under this Agreement.

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

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).
- (2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.
- (3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

- (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.
- (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subsections 4.6 (a) through (e) hereof.
- (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario’s cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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

Section 3.5 Conditions Precedent

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

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

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

Section 4.4 Insurance.

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

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

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

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

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

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

Section 4.7 Payment of OFA Expenses

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

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

- (a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:
 - (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
 - (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);
- (g) the IESO or any Material Subsidiary:
 - (i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;
 - (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

- (iii) institutes or has instituted against it any proceeding seeking:
 - (A) to adjudicate it as bankrupt or insolvent,
 - (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or
 - (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or
- (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (g)(i) to (iii); or

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

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

- (a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

- (b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

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

Section 5.4 OFA May File Proof of Claim.

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

- (a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

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

Section 5.7 Intercept

- (a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the “**Intercept Letter**”), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO (“**Appropriated Funds**”), an amount equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA’s compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds an amount equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA (“**Intercept**”).
- (b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO’s failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
- (c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
- (d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
- (e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

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

ARTICLE 7 GENERAL

Section 7.1 Notices.

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

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

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

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

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

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

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

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

Section 7.6 Severability.

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

Section 7.7 Governing Law.

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

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning

Title: Executive Director & Chief
Investment Officer,
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$_____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator (“IESO”), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the “Agreement”, the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:
i. principal amount (or portion thereof) of Advance which is to be continued \$_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any):
\$ _____

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

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

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the “Proposed Advance”):

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

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

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

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

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

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

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: ~~August~~ September (·), 2017

Commented [CS1]: This needs to be filled in for the
"Execution version"

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of ~~August~~ September 2017.

Commented [CS2]: This needs to be filled in for the "Execution version"

BETWEEN:

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

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

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

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

"Borrowing Notice" has the meaning specified in Section 3.2(1).

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

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

"Commitment" means, at any time, an amount equal to \$2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

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

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

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

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

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

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

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

- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

"New Repayment Date" has the meaning specified in Section 3.3(2).

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and
- (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

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

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

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

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

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

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

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

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

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

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

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

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

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

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

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

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

Section 2.6 Payments under this Agreement.

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

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).
- (2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

- (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.
- (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subsections 4.6 (a) through (e) hereof.
- (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario’s cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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

Section 3.5 Conditions Precedent

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

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

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

Section 4.4 Insurance.

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

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

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

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

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

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

Section 4.7 Payment of OFA Expenses

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

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

- (a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:
 - (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
 - (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);
- (g) the IESO or any Material Subsidiary:
 - (i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;
 - (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

- (iii) institutes or has instituted against it any proceeding seeking:
 - (A) to adjudicate it as bankrupt or insolvent,
 - (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or
 - (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or
- (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (g)(i) to (iii); or

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

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

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

Section 5.4 OFA May File Proof of Claim.

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

- (a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

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

**ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO**

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

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

**ARTICLE 7
GENERAL**

Section 7.1 Notices.

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

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on
Schedule 1 or Schedule 2 respectively.

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

Section 7.2 Successors and Assigns.

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

Section 7.3 Amendments.

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

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise

of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

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

Section 7.6 Severability.

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

Section 7.7 Governing Law.

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

Section 7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Per: _____

Name: Michael D. Manning

Name: Kimberly Marshall

Title: Executive Director; & Chief
Investment Officer,
Capital Markets Division

Title: Vice President, Corporate Services; |
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator (“IESO”), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated ~~August~~ September (·), 2017 (as amended, supplemented or restated from time to time, the “Agreement”, the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the “Proposed Advance”), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated ~~August~~ September (-), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:
i. principal amount (or portion thereof) of Advance which is to be continued \$_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any):
\$ _____

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

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

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

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

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

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated ~~August~~ September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

[illegible]

Commented [CS3]: Please confirm this is the correct form of Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September (•), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (-) day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under [Part II of the Electricity Act, 1998](#) (the “**IESO**”) |
(as Borrower)

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AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “**OFA**” and together with the IESO, the “**Parties**”) |
(as Lender)

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RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “**Continued Advance**”, as defined in Section 3.3(1), as applicable.

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

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

"Borrowing Notice" has the meaning specified in Section 3.2(1).

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

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

"Commitment" means, at any time, an amount equal to \$2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

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

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

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

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

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

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

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

- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

"New Repayment Date" has the meaning specified in Section 3.3(2).

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and
- (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any [other](#) lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

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

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

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

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

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

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

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

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

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

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

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

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

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, [as such regulation may be amended or replaced from time to time](#), subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

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

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

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

Section 2.6 Payments under this Agreement.

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

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).
- (2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance, ~~Either end sentence after "Advance" and delete remainder, OR keep the remainder but insert the words: "which shall in any case be~~ in accordance with Section 2.2]. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) ~~the outstanding principal amount of the Grid Note~~ Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of ~~the such Advances~~ and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment

Commented [VB1]: This appears to be the same as the definition of "Advances Outstanding" so ordinarily should use the defined term - see also item (v) of Grid Note. If this is different than the defined term, let us know.

Commented [LS2R1]: Program area to confirm? Delete if not included in the Grid Note.

Date of the Advance (the “**Current Repayment Date**”), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

- (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.
- (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subsections 4.6 (a) through (e) hereof.
- (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario’s cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after [Default](#) and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of

actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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

Section 3.5 Conditions Precedent

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

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

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

Section 4.4 Insurance.

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

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

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

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to

such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

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

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

Section 4.7 Payment of OFA Expenses

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

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

- (a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:
 - (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
 - (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);
- (g) the IESO or any Material Subsidiary:
 - (i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

- (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;
- (iii) institutes or has instituted against it any proceeding seeking:
 - (A) to adjudicate it as bankrupt or insolvent,
 - (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or
 - (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or
- (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (g)(i) to (iii); or
- (h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of \$5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3)

Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

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

Section 5.4 OFA May File Proof of Claim.

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

- (a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any ~~monies~~ moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to

OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

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

ARTICLE 7 GENERAL

Section 7.1 Notices.

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

If to the IESO, to it at:

Independent Electricity System Operator

120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111

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

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

Section 7.2 Successors and Assigns.

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

Section 7.3 Amendments.

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

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) ~~of~~ this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

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

Section 7.6 Severability.

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

Section 7.7 Governing Law.

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

Section 7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

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

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$_____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

~~I. Election Notice~~ ELECTION NOTICE

The undersigned, the Independent Electricity System Operator (“IESO”), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the “Agreement”, the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:
i. principal amount (or portion thereof) of Advance which is to be continued \$_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any):
\$ _____

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

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

~~II. Borrowing Notice~~ BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section ~~3.3(3)~~ 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the “Proposed Advance”):

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

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

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

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (-), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: _____

Authorized Signatory

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By: _____



By: _____



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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September (-), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of September 2017,

BETWEEN:

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

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “OFA” and together with the IESO, the “Parties”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “**Continued Advance**”, as defined in Section 3.3(1), as applicable.

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

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

"Borrowing Notice" has the meaning specified in Section 3.2(1).

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

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

"Commitment" means, at any time, an amount equal to \$2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

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

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

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

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

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

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

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

- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

"New Repayment Date" has the meaning specified in Section 3.3(2).

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and
- (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

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

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

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

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

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

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

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

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

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

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

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

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

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

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

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

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

Section 2.6 Payments under this Agreement.

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

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).
- (2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

- (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.
- (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subsections 4.6 (a) through (e) hereof.
- (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario’s cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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

Section 3.5 Conditions Precedent

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

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

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

Section 4.4 Insurance.

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

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

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

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

- (c) Permitted Liens;
- (d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and
- (e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

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

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

- (a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:
 - (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
 - (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);
- (g) the IESO or any Material Subsidiary:
 - (i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;
 - (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

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

(A) to adjudicate it as bankrupt or insolvent,

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

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

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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

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

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

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

Section 5.4 OFA May File Proof of Claim.

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

- (a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

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

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

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

ARTICLE 7 GENERAL

Section 7.1 Notices.

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

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

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

Section 7.2 Successors and Assigns.

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

Section 7.3 Amendments.

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

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise

of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

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

Section 7.6 Severability.

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

Section 7.7 Governing Law.

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

Section 7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Per: _____

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

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

I have authority to bind the corporation.

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$_____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

- (a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.
- (b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:
 - i. principal amount (or portion thereof) of Advance which is to be continued \$_____; and
 - ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;
- (c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): \$ _____
- (d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

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

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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

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

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

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

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

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

[illegible]

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: ~~August~~^{July} (·), 2017[·]

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (-) day of ~~August~~July 2017, |

BETWEEN:

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

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “OFA” and together with the IESO, the “Parties”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*, ~~(the “OFHP”)~~ |

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ “Continued Advance”, as defined in Section 3.3(1), as applicable. |

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

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

"Borrowing Notice" has the meaning specified in Section 3.2(1).

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

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

"Commitment" means, at any time, an amount equal to \$2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

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

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

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

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

~~**"Financing Entity"** has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

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

- (a) every obligation of such Person for borrowed money;
- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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

"Material ~~Subsidiary~~ Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

"O FHP" has the meaning specified in the Recitals to this Agreement, means the Ontario Fair Hydro Plan Act, 2017.

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;
- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; ~~and~~
- (k) any Lien arising in connection with from the IESO's role and statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP, otherwise.

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

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

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

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

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~"Swap"~~ **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and
- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

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

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

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

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

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

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

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

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

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

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

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

Section 2.6 Payments under this Agreement.

- (1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.
- (2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

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

~~(1)~~

- ~~(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; ~~and~~ (b) the principal amount of the Advance; ~~and~~ (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance; ~~and, (d), the IESO indicated amount and sub-category of borrowing purpose, if applicable.~~ The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; ~~(d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~; If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

- (3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness, as permitted by in accordance with subSections 4.6 (a) through (e) hereof.~~
- (6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.
- (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Section 3.5 Conditions Precedent

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

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

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

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice ~~proper, efficient and business-like manner and in accordance with good business practice.~~

Section 4.6 Negative Pledge.

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

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO- or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;
- (c) Permitted Liens;
- (d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

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

Section 4.7 Payment of OFA Expenses

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

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5 EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

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

- (a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:
 - (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
 - (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been ~~waived~~waive or rescinded);
- (g) the IESO or any Material Subsidiary:-
 - (i) becomes ~~unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due;
 - (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;
 - (iii) institutes or has instituted against it any proceeding seeking:

- (A) to adjudicate it as bankrupt or insolvent,
- (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or
- (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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

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

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of providing such written noticesuch Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

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

Section 5.4 OFA May File Proof of Claim.

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

- (a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

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

Section 5.6 Delay or Omission not Waiver.

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

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Section 6.2 Continuation of Representation and Warranties

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

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ARTICLE 7 GENERAL

Section 7.1 Notices.

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

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
~~Facsimile~~~~Telecopier~~: (416)325-8111

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

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

Section 7.2 Successors and Assigns.

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

Section 7.3 Amendments.

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

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing ~~by~~ the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

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

Section 7.6 Severability.

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

Section 7.7 Governing Law.

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

Section 7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning

Title: Executive Director

Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;

Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated July/August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The aggregate amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

- ~~(d) (1) [Indicate amount and purpose of funds requested], - [specifying IESO sub-categories of borrowing purposes as applicable - applicable]~~
- ~~(2) [Indicate amount and purpose of funds requested], specifying IESO sub-categories of borrowing purposes as applicable - applicable]~~

The IESO hereby certifies that:

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

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

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

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2
FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

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

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the ~~Revolving eCredit Facility Agreement~~ Facility Agreement between the IESO and the OFA dated ~~July~~ August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

- (a) ~~(a)~~ The Advance to which the election request applies is _____
[Insert principal amount of Advance and Advance date].
- (b) The amount of interest the IESO will re-pay on Advance set out in (a) is \$ _____ [Insert interest amount to be re-paid on current Repayment Date].
- (c) ~~T~~ The new aggregate total amount of the proposed Continued Advance is \$ _____, which is comprised of:
- i. previous principal amount of Advance [or portion thereof] \$ _____; and,
 - ii. accrued interest on Advance [or portion thereof] \$ _____.
- (d) ~~(e)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____ [Insert date n]. Not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.
- ~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of \$ _____;~~
- ~~(e) This transaction related to the settlement of the of the _____; [Insert relevant subcategory of borrowing].~~

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

The IESO hereby certifies that:

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

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

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

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

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

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

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

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July/August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

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

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

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

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (-) day of August 2017,

BETWEEN:

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

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “OFA” and together with the IESO, the “Parties”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

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

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

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

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may include~~ a “Continued Advance”, as defined in Section 3.3(1), as applicable.

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

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

"Borrowing Notice" has the meaning specified in Section 3.2(1).

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

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

"Commitment" means, at any time, an amount equal to \$2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

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

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

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

- (a) every obligation of such Person for borrowed money;

- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

"New Repayment Date" has the meaning specified in Section 3.3(2).

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and
- (k) any Lien arising in connection with from the IESO's role and statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP, otherwise

Commented [VB1]: Please explain concern in narrowing language.

Commented [CS2R1]: The changes were made to tighten-up the language and clarify what is permitted under this subsection. Does the current proposed language create any issues for the IESO?

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and
- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

- (1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.
- (2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).
- (2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will-with~~ all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section ~~3.3(53)~~, each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2),~~ Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, ~~other than a Borrowing Notice that is included in an Election Notice as permitted by s. 3.3(3).~~ Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal ~~or portion thereof~~ in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [CS3]: Correction to a cross-reference

Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance, ~~and may also add a new~~ ~~Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice ~~for to continue an~~ Continued to continue an Advance for a further period (an “**Election Notice**”) shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the “Current Repayment Date”), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; the amount of the Advance or portion thereof to be continued and to which the election request applies; (b) the amount of interest ~~or principal, if any,~~ to be paid or re-paid by the IESO ~~on with respect to~~ such Advance on the Current Repayment Date; (c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and ~~(d)~~ the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the “New Repayment Date”). ~~For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

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~~(2)(3)~~ An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

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~~(3)(4)~~ The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)(5)~~ Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)(6)~~ The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subsections 4.6 (a) through (e) hereof.

~~(6)(7)~~ All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.
- (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Commented [CS4]: Add "including Continued Advances"?

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the nature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO- or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;
- (c) Permitted Liens;
- (d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and
- (e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such

Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5 EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

- (a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:
 - (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
 - (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);
- (g) the IESO or any Material Subsidiary:
 - (i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

- (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;
 - (iii) institutes or has instituted against it any proceeding seeking:
 - (A) to adjudicate it as bankrupt or insolvent,
 - (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or
 - (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or
 - (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (h)(i) to (iii); or
- (h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of \$5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default

has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

- (a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to

OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7 GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator

120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

I have authority to bind the corporation.

SCHEDULE 1
FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority (“OFA”)
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator (“IESO”), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (-), 2017 (as amended, supplemented or restated from time to time, the “Agreement”, the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the “Proposed Advance”), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The ~~aggregate~~ **principal** amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2
FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~an previous~~ Advance ~~or a or (which may include a~~ Continued Advance, as the case may be), ~~for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any), and in connection with such election the foregoing, such election,~~ sets forth below the information relating to such election relating to such election as required by Section 3.3(2) of the Agreement:

~~(a) The date of the proposed election and new Advance (if any), being a Business Day, Current Repayment Date~~
is _____.

~~(a) The previous Advance to which the election request applies is _____~~
~~[Insert principal amount of Advance and Advance date].~~

~~(b)(be)~~ The IESO will pay on the ~~C~~urrent Repayment Date the following amounts (if any), to be applied in accordance with Section 2.9 of the Agreement:

- i. ~~The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a)~~
is \$ _____ [Insert interest amount to be re-paid on the Current Repayment Date].
- ii. ~~The amount of principal or portion thereof with respect to the previous Advance is \$ _____.~~
[Insert amount of principal to be repaid on the Current Repayment Date]

~~(c)(cd)~~ The ~~new~~ aggregate ~~total~~ amount of the proposed Continued Advance is \$ _____, which is comprised of:

- i. ~~previous~~ principal amount ~~(or portion thereof)~~ of Advance which is to be continued ~~for portion thereof~~ \$ _____; ~~and~~ and,
- ii. ~~accrued interest on previous Advance for portion thereof~~ which will not be repaid on or before the Current Repayment Date \$ _____; ~~and~~ and,
- iii. ~~amount of new Advance~~ \$ _____.

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~~(ed)~~ (ed) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is (the "New Repayment Date"). [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

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Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

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Borrowing Notice

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The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance") as required by Section 3.2(1) of the Agreement:

(a) Date of the Proposed Advance: Current Repayment Date as specified above

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(b) Amount of the Proposed Advance: \$

(c) Repayment Date of the Proposed Advance: New Repayment Date as specified above

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Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Total Aggregate Amount of Continued Advance and Proposed Advance

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The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is:

\$

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Use of Funds

The IESO hereby certifies that the funds comprising the ~~Proposed -Continued~~ ~~proposed new~~ Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

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No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

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Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the [Revolving Credit Facility Agreement](#) dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

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Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: ~~August~~ July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (-) day of ~~August~~July 2017, |

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the “IESO”) (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “OFA” and together with the IESO, the “Parties”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*, ~~(the “OFHP”)~~ |

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the ~~P~~parties agree as follows: |

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ “Continued Advance”, as defined in Section 3.3(1), as applicable. |

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~that term is "clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to \$2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or "\$" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity"** has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

- (a) every obligation of such Person for borrowed money;
- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary~~ Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

"OHP" ~~has the meaning specified in the Recitals to this Agreement, means the Ontario Fair Hydro Plan Act, 2017.~~

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;
- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; ~~and~~
- (k) any Lien arising in connection with from the IESO's role and statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP, otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof~~.

~~"Swap"~~~~thereof~~. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and
- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

- (1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.
- (2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(1)

- (2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, ~~and~~; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and ~~(d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date;~~ ~~(d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

- (3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness, as permitted by in accordance with subSections 4.6 (a) through (e) hereof.~~
- (6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.
- (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the ~~OFA~~IESO to make the Advances ~~to the IESO~~ pursuant to Section 2.1 is | subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the nature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice ~~a proper, efficient and business-like manner and in accordance with good business practice.~~

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO- or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;
- (c) Permitted Liens;
- (d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

- (e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the [Services Agreement](#) (including those [services](#) incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5 EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

- (a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:
 - (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
 - (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been ~~waived~~waive or rescinded);
- (g) the IESO or any Material Subsidiary:-
 - (i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;
 - (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;
 - (iii) institutes or has instituted against it any proceeding seeking:

- (A) to adjudicate it as bankrupt or insolvent,
- (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or
- (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

- (iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

- (h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of \$5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of after the date on which written notice of providing such written noticesuch Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

- (a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the mon~~ey~~^{ies} advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each ~~A~~^{advance} by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7 GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
~~Facsimile~~~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by ~~facsimile-telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the ~~Parties~~~~OFA and the IESO~~.

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing ~~by~~ the party to be bound by the waiver. |
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

|

|

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby. |

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement instrument. |

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning

Title: Executive Director

Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;

Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority (“OFA”)
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator (“IESO”), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated ~~July~~ August (·), 2017 (as amended, supplemented or restated from time to time, the “Agreement”, the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the “Proposed Advance”), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The aggregate amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The ~~undersigned IESO~~ hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) ~~[specify sub-categories of borrowing purposes, as applicable]: [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]~~

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2
FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the ~~Revolving eCredit Facility Agreement~~ Facility Agreement between the IESO and the OFA dated ~~July~~ August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

- (a) ~~(a)~~ The Advance to which the election request applies is _____
[Insert principal amount of Advance and Advance date].
- (b) The amount of interest the IESO will re-pay on Advance set out in (a) is \$ _____ [Insert interest amount to be re-paid on current Repayment Date].
- (c) ~~T~~ The new aggregate total amount of the proposed Continued Advance is \$ _____, which is comprised of:
- i. previous principal amount of Advance [or portion thereof] \$ _____; and,
 - ii. accrued interest on Advance [or portion thereof] \$ _____.
- (d) ~~(e)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____, [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]
- ~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of \$ _____;~~
- ~~(e) This transaction related to the settlement of the of the _____; Insert relevant subcategory of borrowing.~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "Grid Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July/August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: ~~August~~ July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (-) day of ~~August~~July 2017, |

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the “IESO”) (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “OFA” and together with the IESO, the “Parties”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*, ~~(the “OFHP”)~~ |

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the ~~P~~parties agree as follows: |

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ “Continued Advance”, as defined in Section 3.3(1), as applicable, |

Commented [LS1]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"**Advances Outstanding**" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"**Agreement**", "**herein**", "**hereby**", "**hereor**", "**hereunder**" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2(1).

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment**" has the same meaning as "~~clean energy adjustment~~" as that term is defined in the OFHP.

"**Commitment**" means, at any time, an amount equal to \$2 billion.

"**Consolidated Assets**" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance**" has the meaning specified in Section 3.3(1).

"**Credit Facility**" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Dollars**" or "\$" means lawful currency of Canada.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

"**Financing Entity**" has the same meaning as "~~financing entity~~" as that term is defined in the OFHP.

"**GAAP**" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

“Grid Note” has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

- (a) every obligation of such Person for borrowed money;
- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person; and
- ~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~
- ~~(fg)~~ every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

“Material Subsidiary” means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

~~**“OFHP”** has the meaning specified in the Recitals to this Agreement, means the Ontario Fair Hydro Plan Act, 2017.~~

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;
- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) ~~any Lien arising in connection with from the IESO's role and statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

Commented [LS2]: For further discussion

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

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"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context~~

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otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and
- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

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“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the ~~following~~ condition ~~that~~:

~~(1) Proceeds of Advances may be used only for IESO's short-term financing needs and requirements of any kind arising in connection with due to cash flow timing differences incurred as a result of the IESO's role with respect to and obligations under in the implementation and administration of the OFHP.~~

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

- (1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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- (2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~89~~ Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

- (3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.
- (6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [LS3]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.
- (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation agreement~~ of the ~~OFA IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair ~~and~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practices~~a proper, efficient and business-like manner and in accordance with good business practice.~~

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future ~~I~~ndebtedness of the IESO- or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;
- (c) Permitted Liens;
- (d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and
- (e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the [Services Agreement](#) (including those [services](#) incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5 EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

- (a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of ~~I~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:

- (i) ~~(i)~~ — constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

- (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been ~~waived~~~~waive~~ or rescinded);

- (g) the IESO or any Material Subsidiary—:

- (i) becomes ~~unable~~~~generally not able~~ to pay its debts as they become due;

- (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

- (iii) institutes or has instituted against it any proceeding seeking:

- (A) to adjudicate it ~~a~~s bankrupt or insolvent,

- (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~i~~nsolvency, ~~r~~eorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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- (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

- (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (h)(i) to (iii); or

- (h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of \$5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~after the date on which written notice of~~ providing such written notice ~~such Event of Default shall have been given to the IESO by the OFA,~~ declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

- (a) ~~(a)~~ to file and prove a claim for all amounts owing ~~under~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the mon~~eys~~ies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each A~~a~~dvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7 GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~4~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
~~Facsimile~~~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by ~~facsimile-telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the ~~Parties~~~~OFA and the IESO~~.

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing ~~by~~ the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning

Title: Executive Director

Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;

Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1
FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated ~~July~~ August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The aggregate amount of the Proposed Advance is \$_____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 57 days and not later than 95 days after the date of the Proposed Advance.]
- (d) ~~IESO confirms it will also be paying interest in the amount of \$~~ _____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

- (1) [indicate amount and purpose of funds requested, specifying IESO sub-categories of borrowing purposes as applicable]
- (2) [indicate amount and purpose of funds requested, specifying IESO sub-categories of borrowing purposes as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the ~~Revolving eCredit Facility Agreement~~ Facility Agreement between the IESO and the OFA dated ~~July~~ August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];

(b) The new aggregate total amount of the proposed Continued Advance is \$ _____;

i. previous principal amount of Advance [or portion thereof] \$ _____

ii. accrued interest on Advance [or portion thereof] \$ _____

~~(c)~~ (e) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____ [Not earlier than ~~57~~ days and not later than 95 days after the current Repayment Date for the Advance.]

(d) IESO confirms it will also be paying interest in the amount of \$ _____;

(e) This transaction relates to the settlement of the of the _____;
[Insert relevant IESO sub-category of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the ~~Province~~**OFA** of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid Note**") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

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OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

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The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July/August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: ~~August~~ July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (-) day of ~~August~~ July 2017, |

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the “IESO”) (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “OFA” and together with the IESO, the “Parties”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*, ~~(the “OFHP”)~~ |

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the ~~P~~parties agree as follows: |

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ “Continued Advance”, as defined in Section 3.3(1), as applicable. |

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as that term is ~~"clean energy adjustment"~~ as ~~that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to \$2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or "\$" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Financing Entity" has the same meaning as ~~"financing entity"~~ as that term is defined in the OFHP.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

“Grid Note” has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

- (a) every obligation of such Person for borrowed money;
- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person; and
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

“Material Subsidiary” means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

“O FHP” has the meaning specified in the Recitals to this Agreement, means the Ontario Fair Hydro Plan Act, 2017.

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;
- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business
- (k) any Lien arising in connection with from the IESO's role and statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

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to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP, otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

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“**Swap Termination Value**” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“**Voting Shares**” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the ~~following~~ condition ~~that:~~

~~(+) Proceeds of Advances may be used only for IESO's short-term financing needs and requirements of any kind arising in connection with due to cash flow timing differences incurred as a result of the IESO's role with respect to and obligations under in the implementation and administration of the OFHP.~~

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

- (1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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- (2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~89~~ Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

- (3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness, as permitted by in accordance with subSections 4.6 (a) through (e) hereof.~~
- (6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.
- (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the ~~OFA~~IESO to make the Advances to the IESO pursuant to Section 2.1 is | subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair ~~and~~an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practices~~a proper, efficient and business-like manner and in accordance with good business practice.~~

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO- or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;
- (c) Permitted Liens;
- (d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and
- (e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the [Services Agreement](#) (including those [services](#) incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province [of Ontario](#)'s cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5 EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

- (a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of ~~I~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:

- (i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
- (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been ~~waived~~waive or rescinded);

(g) the IESO or any Material Subsidiary-:

- (i) becomes ~~unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due;
- (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;
- (iii) institutes or has instituted against it any proceeding seeking:
 - (A) to adjudicate it ~~a~~s bankrupt or insolvent,
 - (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~i~~nsolvency, ~~r~~eorganization or

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relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

- (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

- (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (h)(i) to (iii); or

- (h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of \$5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of providing such written noticesuch Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

- (a) ~~(a)~~ to file and prove a claim for all amounts owing ~~under~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF IESO

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Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the mon~~eys~~~~ies~~ advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each ~~A~~advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7 GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fasc~~i~~simile: (905)403-6913

If to ~~the~~ OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
~~Facsimile~~~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by ~~facsimile-telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the ~~Parties~~~~OFA and the IESO~~.

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing ~~by~~ the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning

Title: Executive Director

Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;

Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1
FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated July/August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The aggregate amount of the Proposed Advance is \$_____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 57 days and not later than 95 days after the date of the Proposed Advance.]
- (d) IESO confirms it will also be paying interest in the amount of \$_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

- (1) [indicate amount and purpose of funds requested, specifying IESO sub-categories of borrowing purposes as applicable]
- (2) [indicate amount and purpose of funds requested, specifying IESO sub-categories of borrowing purposes as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [LS1]: For discussion. What is the origin of this amendment?

Commented [LS2]: For discussion.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the ~~Revolving eCredit Facility Agreement~~ Facility Agreement between the IESO and the OFA dated ~~July~~ August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];

(b) The new aggregate total amount of the proposed Continued Advance is \$ _____;

i. previous principal amount of Advance [or portion thereof] \$ _____

ii. accrued interest on Advance [or portion thereof] \$ _____

~~(c)~~ (e) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____ [Not earlier than ~~57~~ days and not later than 95 days after the current Repayment Date for the Advance.]

(d) IESO confirms it will also be paying interest in the amount of \$ _____;

(e) This transaction relates to the settlement of the of the _____;
[Insert relevant IESO sub-category of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Commented [LS3]: For discussion.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "Grid Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

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OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

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The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July/August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (~~·~~), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (-) day of ~~August~~ July 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the “IESO”) (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “OFA” and together with the IESO, the “Parties”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion (~~Dollars~~) from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* ~~(the “OFHP”)~~;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

Commented [LS2]: Why was this deleted? Please add back as “Dollars” is defined.

Commented [WT3R2]: “\$” is already a defined term “means lawful currency of Canada.”

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ “Continued Advance”, as defined in Section 3.3(1), as applicable,

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"**Advances Outstanding**" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"**Agreement**", "**herein**", "**hereby**", "**hereor**", "**hereunder**" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2(1).

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment**" has the same meaning as "~~clean energy adjustment~~" as that term is defined in the OFHP.

Commented [WT5]: To be confirmed by Electricity Finance.

Commented [BA6R5]: Confirmed

"**Commitment**" means, at any time, an amount equal to \$2 billion.

"**Consolidated Assets**" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance**" has the meaning specified in Section 3.3(1).

"**Credit Facility**" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Dollars**" or "\$" means lawful currency of Canada.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

"**Financing Entity**" has the same meaning as "~~financing entity~~" as that term is defined in the OFHP.

Commented [WT7]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS8]: Agreed. Does anyone know why it was included in the first place?

"**GAAP**" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

“Grid Note” has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

- (a) every obligation of such Person for borrowed money;
- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person; and
- ~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~
- ~~(fg)~~ every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

“Material Subsidiary” means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

~~**“OFHP”** has the meaning specified in the Recitals to this Agreement, means the Ontario Fair Hydro Plan Act, 2017.~~

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;
- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

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Commented [WT9]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS10]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT11R10]: Defer to Electricity Finance for decision to include (k).

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

Commented [WT12]: IESO to input the definition of RPP.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

Commented [WT13]: IESO to input the definition of RRRP.

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"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and
- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the ~~following~~ condition ~~that~~:

~~(+) Proceeds of Advances may be used only for IESO's short term financing needs and requirements of any kind arising in connection with due to cash flow timing differences incurred as a result of the IESO's role with respect to and obligations under in the implementation and administration of the OFHP.~~

~~(The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance.)~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

- (1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB14]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS15]: Business decision – defer to Electricity Branch

Commented [BA16R15]: Fine with this. Consistent with the directive.

Commented [LS17]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT18R17]: Documentation discussed that the 12-month was an unnecessary restriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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- (2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).
- ~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.89 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT19]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS20]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS21]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Commented [WT22]: Changed for consistency. In italics in Schedule 3.

Commented [LS23]: Ok

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Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

- (3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.
- (6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB24]: We defer to OFA Legal on this matter

Commented [LS25]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.
- (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation agreement~~ of the ~~OFA IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT26]: To be confirmed.

Commented [LS27]: By whom? This language is standard.

Commented [WT28R27]: Since its standard language, we'll leave it in.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair ~~and~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the nature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practices in a proper, efficient and business-like manner ~~and in accordance with good business practice.~~

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;
- (c) Permitted Liens;
- (d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and
- (e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5 EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

- (a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of ~~I~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:

- (i) ~~(i)~~ — constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
- (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been ~~waived~~~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

- (i) becomes ~~unable~~~~generally not able~~ to pay its debts as they become due;
- (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;
- (iii) institutes or has instituted against it any proceeding seeking:
 - (A) to adjudicate it ~~a~~s bankrupt or insolvent,
 - (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~i~~nsolvency, ~~r~~eorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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- (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

- (iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

- (h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of \$5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of after the date on which written notice of~~ providing such written noticesuch Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

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If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

- (a) ~~(a)~~ to file and prove a claim for all amounts owing ~~under~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the mon~~ies~~^{eyises} advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB29]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each ~~A~~^A advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7 GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to ~~the~~^{the} OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A ~~1~~¹Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
~~Facsimile/Telecopier:~~(416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice given in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the ~~Parties~~OFA and the IESO.

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing ~~by~~ the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement instrument.

Commented [LS30]: Previous wording okay. Why the change?

Commented [WT31R30]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning

Title: Executive Director

Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;

Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1
FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated ~~July~~ August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The aggregate amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~67~~ days and not later than 95 days after the date of the Proposed Advance.]
- (d) IESO confirms it will also be paying interest in the amount of \$ _____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

- (e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance] (4)
_____ [indicate amount and purpose of funds requested]
(2) _____ [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [LS32]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT33R32]: Mike Manning Capital Markets approved this. I can send you the approval email.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving eCredit Facility Agreement between the IESO and the OFA dated July/August (-), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

- (a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
- (b) The new aggregate total amount of the proposed Continued Advance is \$ _____;
- i. previous principal amount of Advance [or portion thereof] \$ _____
- ii. accrued interest on Advance [or portion thereof] \$ _____
- ~~(c)~~ ~~(e)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 57 days and not later than 95 days after the current Repayment Date for the Advance.]
- ~~(d)~~ IESO confirms it will also be paying interest in the amount of \$ _____;
- ~~(e)~~ This transaction related to the settlement of the of the _____;
- ~~[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the ~~Province~~**OFA** of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid Note**") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

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OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

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The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July/August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017)

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (-) day of ~~August~~ July 2017, |

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the “IESO”) (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “OFA” and together with the IESO, the “Parties”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion (~~Dollars~~) from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* ~~(the “OFHP”)~~ |

Commented [LS2]: Why was this deleted? Please add back as “Dollars” is defined.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the ~~P~~parties agree as follows: |

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ “Continued Advance”, as defined in Section 3.3(1), as applicable, |

Commented [LS3]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"**Advances Outstanding**" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"**Agreement**", "**herein**", "**hereby**", "**hereor**", "**hereunder**" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2(1).

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

~~"**Clean Energy Adjustment**" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.~~

Commented [WT4]: To be confirmed.

"**Commitment**" means, at any time, an amount equal to \$2 billion.

"**Consolidated Assets**" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance**" has the meaning specified in Section 3.3(1).

"**Credit Facility**" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Dollars**" or "\$" means lawful currency of Canada.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT5]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

"**GAAP**" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [LS6R5]: Agreed. Does anyone know why it was included in the first place?

"**Grid Note**" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

- (a) every obligation of such Person for borrowed money;
- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

- ~~(f)~~ every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

~~"O FHP" has the meaning specified in the Recitals to this Agreement, means the Ontario Fair Hydro Plan Act, 2017.~~

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;
- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise;~~

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Commented [WT7]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS8R7]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

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~~“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

- ~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~
- ~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following condition ~~that~~:

(+) ~~The~~ proceeds of Advances may be used only for IESO's short-term financing needs and requirements of any kind arising in connection with due to cash flow timing differences incurred as a result of the IESO's role with respect to and obligations under in the implementation and administration of the OFHP.

(The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance.)

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

- (1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB9]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS10R9]: Business decision – defer to Electricity Branch

Commented [LS11]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

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- (2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).
- ~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT12]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS13R12]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS14R12]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Commented [WT15]: Changed for consistency. In italics in Schedule 3.

Commented [LS16R15]: Ok

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Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

- (3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.
- (6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB17]: We defer to OFA Legal on this matter

Commented [LS18R17]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.
- (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation agreement~~ of the ~~OFA IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT19]: To be confirmed.

Commented [LS20R19]: By whom? This language is standard.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair ~~and~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practices~~a proper, efficient and business-like manner and in accordance with good business practice.~~

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO- or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;
- (c) Permitted Liens;
- (d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and
- (e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the [Services Agreement](#) (including those [services](#) incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province [of Ontario](#)'s cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5 EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

- (a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:

- (i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
- (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

- (i) becomes unable~~generally not able~~ to pay its debts as they become due;
- (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;
- (iii) institutes or has instituted against it any proceeding seeking:
 - (A) to adjudicate it as bankrupt or insolvent,
 - (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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- (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

- (iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

- (h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of \$5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~or after the date on which written notice of providing such written noticesuch Event of Default shall have been given to the IESO by the OFA,~~ declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

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If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

- (a) ~~(a)~~ to file and prove a claim for all amounts owing ~~under~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the mon~~ey~~^{ies} advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB21]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each ~~A~~^a advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7 GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to ~~the~~^{the} OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A ~~1~~¹Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
~~Facsimile/Telecopier:~~(416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the ~~Parties OFA and the IESO.~~

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing ~~by~~ the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement instrument.

Commented [LS22]: Previous wording okay. Why the change?

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning

Title: Executive Director

Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;

Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated July/August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The aggregate amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 67 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

- (1) [indicate amount and purpose of funds requested]
- (2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Commented [LS23]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2
FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving eCredit Facility Agreement between the IESO and the OFA dated July/August (-), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

- (a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
- (b) The new aggregate total amount of the proposed Continued Advance is \$ _____;
- i. previous principal amount of Advance [or portion thereof] \$ _____
- ii. accrued interest on Advance [or portion thereof] \$ _____
- (c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 57 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "Grid Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

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OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

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The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July/August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

Ontario Fair Hydro Plan Act, 2017 (Fair Hydro Act, 2017) Summary of Act and Regulations

Summary

- Purpose: To foster the development of a clean, modern and reliable electricity system, and to remove barriers to and promote opportunities for renewable and clean energy projects by sharing costs fairly among consumers today and in the future¹.
- As of July 1, 2017, consumers will receive an immediate 25% reduction in their electricity bills, there will be no increase to electricity rates beyond the rate of inflation for four years and additional reductions of up to 40-50% are available for people in rural or remote communities or families with low income.
- Bills are lowered because electricity support programs are funded with provincial revenues, not electricity revenues.
- The Government, the Independent Electricity Systems Operator (IESO) and the Ontario Energy Board (OEB) are working together to improve sector efficiency and modernize the province's electricity market.
- \$5.2 billion in savings are expected over a 10-year period².

IESO's Involvement

Below are a list of sections within the Act that specifically discuss the IESO and their involvement.

- IESO and OPG will to spread the costs of clean electricity investments over time.
- IESO's Market Renewal Initiative will "result in a more efficient marketplace with competitive and transparent mechanisms that meet future system needs at the lowest cost³.
- **Part III Clean Energy Adjustment** s 16 (1-4) IESO will receive amounts from the clean energy adjustment by electricity vendors. These amounts will be held in trust by the IESO for the benefit of investment interest owners.
- s 17 (2, 5) All electricity vendors will report to the IESO the total amount invoiced to specified consumers in respect of the clean energy adjustment, the amount collected and any other information may be prescribed. Until this time the proceeds are held in trust by the electricity vendor.
- **Part IV Implementation** s 18 (2) OPG, the Financial Services Manager of the Act, must also provide relevant information to IESO in respect of obligations under Part III.
- **Part V The Regulatory Asset** s 23 (1-4) The IESO deferral for each month, starting May 1, 2017, will be determined by IESO in accordance with the regulations. The IESO may rely on the information provided by electricity vendors to make the deferral determination.

¹ *Ontario Fair Hydro Plan Act, 2017*, SO 2017, c 16, Sched. 1.

² *Ontario's Fair Hydro Plan*, online: Ministry of Energy <<https://www.ontario.ca/page/ontarios-fair-hydro-plan>>

³ *Ibid.*

- s 24 (1-3) IESO will establish and maintain a variance account recording: the monthly deferral, payments received under the right of recover (section 25 and 26), and any other adjustments as may be prescribed. Subject to any obvious error, the balance in the variance account is determinative. In the context of a transfer under section 26, no change made by the IESO to the balance will affect the rights acquired by the investment interest owner under the transfer if the previous balance was relied upon.
- s 25 (1-3) IESO has the right to recover the balance recorded in the variance account from specified consumer, but it cannot be collected before May 1, 2021 and after that it can be collected subject to Board allowance.
- s 26 (1-3) IESO may transfer a specified portion of the regulatory asset to a financing entity. Upon receipt by the IESO of payment by the financing entity:
 - a. “the balance in the variance account shall be reduced by the amount of the payment
 - b. The regulatory asset shall be adjusted accordingly
 - c. The financing entity shall acquire a corresponding investment interest; and
 - d. The IESO shall retain no further right, title or interest in the corresponding investment interest”
- s 27 (2) Without limiting subsection (1) which states that transfers under section 26 constitute a “valid and enforceable absolute assignment, conveyance and sale of the corresponding investment interest to the transferee”, subsections (2) states that “any transfer agreement that states an intention of the parties for the IESO to dispose of a specified portion of the regulatory asset and to assign, convey or sell a corresponding investment interest shall be treated for all purposes as an absolute assignment, conveyance, disposition and sale of the IESO’s right to recover the corresponding amount in the variance account and not merely as a security interest.”

Regulations

O. Reg. 195/17: Fair Adjustment Under Part II of the Act⁴

- Provides the manner that the Ontario Energy Board will use to calculate the new rates
- This will lead to a 25% reduction in rates and new rates are calculated using a set of assumptions of a hypothetical regulated rate consumer
- New rates will be set May 1, 2018 for increases equal to the rate of inflation

O. Reg. 196/17: Invoicing Requirements⁵

- Provides rules and requirements for invoices including a statement about the Fair Hydro Plan: “Ontario’s Fair Hydro Plan substantially lowers electricity bills for typical residential consumers. This includes the eight per cent rebate introduced in January 2017,

⁴ David Stevens, *Regulations Published to Implement Ontario’s Fair Hydro Plan*, online: Aird Berlis Energy Insider <<http://www.airdberlis.com/insights/blogs/energyinsider/post/ei-item/regulations-published-to-implement-ontario-s-fair-hydro-plan#page=1>>, see also O Reg 195-17.

⁵ O Reg 196/17.

and builds on previous initiatives to deliver broad-based relief on all electricity bills” and an insert explaining the plan

O. Reg. 206/17: General⁶

- Specifies how the Clean Energy Adjustment will be disbursed and calculated (s4-5)
- Details on how the Financial Services Manager calculates the true up amount, which is required unless all funding obligations and other finance amounts are paid in full (s6)
- The Financial Services Manager will notify the Board of the clean energy adjustment and the Board will determine the rates that specified consumers are to be invoiced. The IESO will ensure that the amounts received under the adjustment are identifiable as such (s7-9)
- Details on the fair allocation amount and determination of estimated financing costs (s11-14)
- Amounts that the IESO may include in the IESO deferral (sum of all amount payable by electricity vendors and specified consumers, costs incurred related to financing the amounts, and amounts incurred after May 1, 2017 and before the Act came into force) (s15-16)

⁶ O Reg 206/17.

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the OPA Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed \$975 million at any time, as considered necessary by the OPA to meet its purposes;

Commented [SN1]: Note – I tracked this language from the directive dated Nov 28/2016. I have not been provided with copies of these directives. Could someone confirm that this is accurate.

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA became obligations of the New IESO;

AND WHEREAS pursuant to a further directive dated November 28, 2016 (the "IESO Directive"), the Minister of Finance approved and directed the OFA to, among other things, provide that the proceeds of the Loans may be used only for liquidity purposes;

AND WHEREAS the terms and conditions governing the Advances are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 2005, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Credit Agreement");

AND WHEREAS, the IESO has requested that that the OFA decrease the maximum aggregate amount of the Advances from \$975 million to \$475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017* and clarify the use of proceeds of the Advances;

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from \$975 million to \$475 million; and

- amend the Credit Agreement to provide that the proceeds of Advances shall be used by the IESO for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives and the IESO Directive.

Dated _____, 2017

Charles Sousa
Minister of Finance

DRAFT

OEFC – IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

ISSUE

The Independent Electricity System Operator (“IESO”) has requested OEFC to ~~reopen the~~ amend the existing credit facility agreement between OEFC and IESO (for \$XX) to address the additional obligations the IESO is taking on under Ontario’s Fair Hydro Plan. make a amendment to the definition of the permitted liens.

CONTEXT

To support IESO’s role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* (“OFHP Act”), OFA recently amended the credit facility agreement between OFA and the IESO [insert date] (the “OFA Agreement”). One of the amendments to the agreement is to amend the definition of the permitted liens to include any lien arising from the IESO’s role and obligations under the OFHP.

The OFA credit facility agreement was amended due to additional roles IESO is taking on under Ontario’s Fair Hydro Plan. To fulfil its obligation, the IESO will need a general grant of security on any lien arising from the IESO’s role and obligations under the OFHP. Therefore, the OFA credit facility agreement was amended to allow for such a general grant of security.

For the same reason, the IESO has requested OEFC to reopen the existing credit facility agreement between OEFC and IESO to make the similar amendment. Specifically, adding a clause in the OEFC credit facility agreement that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO’s obligations to OEFC.

RECOMMENDATION

- To maintain a consistent approach with IESO’s credit facilities, CEFD’s staff (and IESO) are of the view that the existing OEFC credit facility ~~should amend~~ requires amendments to the permitted liens and negative covenant language to make it the same as, or very similar to, the language in (the two OFA Agreements) that were signed recently.
- Although the OEFC credit facility is not used for OFHP’s purpose, such change to the permitted liens (is still required) in order for IESO to meet its role and obligation under the OFHP Act.

BACKGROUND

- Currently, under the existing credit facility agreement between OEFC and the IESO, the definition of the “permitted liens” does not include any lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.
- On November 6, 2017, OFA and IESO signed an updated OFA IESO credit facility agreement with respect to changes related to OFHP. Below are the related changes made to the OFA credit facility:

[Excerpt from the executed OFA IESO Amending Agreement #10]

The definition of “Permitted Liens” is amended by deleting the word “and” at the end of subsection (i); replacing the “.” at the end of subsection (j) and replacing it with “; and”; and adding the following subsection (k):

“(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.”

Commented [LS1]: I recommend moving this to the background section with less detail and explaining the purpose for the amendment on its own, as the IESO OEFC credit facility agreement is separate and needs to be amended on its own merits.

Commented [LS2]: See above.

Commented [LS3]: Is this the only amendment? I’ll review again once re-drafted as per above comments.

Commented [LS4]: I don’t think this is relevant here

Commented [LS5]: There are no prior references to the FHP Credit Facility Agreement. Again, as per earlier comments, please add a reference to a background section.

Commented [LS6]: Is it actually required?

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Commented [LS7]: This is too detailed for a briefing note. I recommend deleting this.

Electricity Finance Branch / Corporate and Electricity Finance Division / Ontario Financing Authority
November 08, 2017

COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this “Amending Agreement”) is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (“**IESO**”)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (“**OFA**”)

WHEREAS the Ontario Power Authority (“**OPA**”) and the OFA entered into a credit agreement dated January 1, 2005 (the “**Original Agreement**”), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to \$500 million, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to \$500 million;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, “Amending Agreement No. 3”), September 27, 2006 (titled, “Amending Agreement No. 4”), July 13, 2007 (titled, “Amending Agreement No. 5”), November 9, 2010 (titled, “Amending Agreement No. 6”), December 20, 2013 (titled, “Amending Agreement No. 7”), December 19, 2014 (titled, “Amending Agreement No. 8”) and November 30, 2016 (titled, “Amending Agreement No. 9”), the OPA and the OFA amended the Original Agreement (as so amended, the “**Amended Agreement**”);

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to \$975 million. The OPA issued a grid note dated [INSERT] to the OFA for a principal amount of up to \$975 million (the “**Grid Note**”);

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the “**Amalgamation**”) with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated Corporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the ~~grid note~~ credit operating facility is CDN \$();

AND WHEREAS the IESO and the OFA have now agreed to decrease the ~~operating total principal amount of the credit operating facility by CDN \$500,000,000, from a principal amount of up to CDN \$975,000,000 to a principal amount of up to~~ CDN \$475 million; 000,000;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

-

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of “**Commitment**” in Section 1.1 of the ~~Credit~~ Agreement is amended by deleting “\$975,000,000” and substituting “\$475,000,000” therefor.

2. ~~Schedule 3 of the Agreement, IESO Grid Note, is deleted and replaced by the IESO Grid Note attached hereto as Schedule 3. On the date of this Amending Agreement and prior to any further~~

Commented [A1]: For discussion

Commented [A2]: Existing Balance to be confirmed with Cash Management.

Commented [A3R2]: I assume this is less than the new principal amount of \$475,000,000?

Commented [A4]: Lisa, would you like a recital to the effect that the original credit facility was for \$500M, that is was increased to \$975M (amending agreement #3)?

Commented [A5R4]: Yes, in this case the amount of the facility is relevant

Commented [A6]: Recitals are non-binding and for informational purposes to help provide history and context for the amendment

Commented [A7]: Lisa, IESO Grid Note is not currently a defined term. Does this need to be a defined term?

Commented [A8R7]: Not here, as this is the title of the Schedule itself

Commented [A9]: New form of Grid Note must be attached

Commented [A10]: NTD: Is this correct?

advances under the Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to \$475,000 substantially in the form of the grid note attached hereto and ~~And~~ indicating a total principal amount of advances outstanding to date of \$XXXXXX.

- 2 -

~~2.3.~~ Upon receipt of the new grid promissory note, the OFA will cancel and return the existing ~~grid promissory note~~ Grid Note to the IESO.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

7

[signature page follows]

Commented [A11]: Attach form of grid note

Commented [A12]: Insert amount once determined

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| IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10
as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief
Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$475,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**Company**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending Agreement") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("IESO")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("OFA")

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to \$500 million, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to \$500 million;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "**Amended Credit Agreement**");

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to \$975 million and the OPA issued a grid note dated [INSERT] to the OFA for a principal amount of up to \$975 million (the "Grid Note");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the ~~grid note~~ credit operating facility is CDN \$(·);

AND WHEREAS the IESO and the OFA have now agreed to decrease the ~~operating total principal amount of the credit operating facility by CDN \$500,000,000, from a principal amount of up to CDN \$975,000,000~~ to a principal amount of up to CDN \$475 million; 400,000;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

-

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "\$975,000,000" and substituting "\$475,000,000" therefor.

Commented [A1]: Existing Balance to be confirmed with Cash Management.

Commented [A2]: Lisa, would you like a recital to the effect that the original credit facility was for \$500M, that is was increased to \$975M (amending agreement #3)?

Commented [A3]: Yes, in this case the amount of the facility is relevant

2. ~~Schedule 3 of the Agreement, IESO Grid Note, is deleted and replaced by the IESO Grid Note attached hereto as Schedule 3. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to \$475,000 substantially in the form of the grid note attached hereto and And indicating a total principal amount of advances outstanding to date of \$XXXXX.~~

~~2.3. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid promissory note.~~ Grid Note to the IESO.

IN ALL OTHER RESPECTS, the ~~said~~ Credit Agreement is confirmed by the parties.

-

[signature page follows]

Commented [A4]: Lisa, IESO Grid Note is not currently a defined term. Does this need to be a defined term?

Commented [A5]: Not here, as this is the title of the Schedule itself

Commented [A6]: New form of Grid Note must be attached

Commented [A7]: Insert amount once determined

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| IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10
as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief
Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$475,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**CompanyIESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the **CompanyIESO**, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the **CompanyIESO** to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the **CompanyIESO**.

The **CompanyIESO** waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the **CompanyIESO** has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

Ontario Financing Authority

1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

(416) 325-8000

Office ontarien de financement

1 rue Dundas ouest
Bureau 1400
Toronto ON M7A
1Y7



November 6, 2017

Mr. Steen Hume
Assistant Deputy Minister, Ministry of Energy
7th Flr, 77 Grenville St
Toronto, ON M7A 2C1

Ms. Kimberly Marshall
Vice-President, Corporate Services and Chief Financial Officer, IESO
120 Adelaide St W #1600
Toronto, ON M5H 1T1

Dear Mr. Steen Hume and Ms. Kimberly Marshall:

I am writing in relation to the Independent Electricity System Operator's ("IESO") request to the Ontario Financing Authority ("OFA") for a new revolving credit facility in an amount of up to CAD \$2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017*. Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

The IESO and the Ministry of Energy ("ENERGY") confirm and the OFA acknowledges that at this time there are no amounts appropriated by the Legislature for payment to the IESO by ENERGY and the intent of such intercept provision is that it would apply if and when amounts were to be appropriated for payment by ENERGY to the IESO in the future.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement") on an unsecured basis, the OFA requires ENERGY and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing \$975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

- The OFA, the IESO, and ENERGY agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a “Loan Agreement”; together, the “Loan Agreements”):
 - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY agree that, in the event that the Legislature appropriates any funds for payment by ENERGY to the IESO for any purpose (“Appropriated Funds”), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the “intercept provision”). Terms relating to the intercept provision shall also be separately included in the Loan Agreements.
 - If the intercept provision is exercised, the IESO agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.
 - Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY’s support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.
 - Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.
 - ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance’s direction.
 - For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

Steen Hume
Kimberly Marshall
Page 3

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

Sincerely,



Ronald Kwan

Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

.....
The undersigned hereby agree to the terms and conditions as set out in this letter agreement and have executed this letter agreement as of the date first noted above.

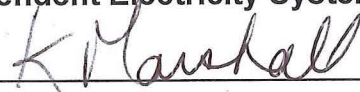
Ministry of Energy

by: 

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by: 

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

I am writing in relation to the IESO's request for a new revolving credit facility in an amount of up to \$2 billion from the OFA (the "New Credit Facility") to support its role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017*.

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. The intercept provision allows the Minister of Finance to deduct amounts equal to any amounts the public body fails to pay the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement"), the OFA requires the Ministry of Energy ("MOE") and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement. These terms and conditions shall also apply to the IESO's existing \$975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

As such, the OFA, the IESO, and MOE agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):

- Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and MOE agree that in the event that the Legislature appropriates any funds for payment to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance is entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision").
- Under the intercept provision, which shall be included in the Loan Agreements, the IESO also agrees that any notice from the OFA to the Minister of Finance in relation to its failure to pay under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.
- Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with MOE and seek MOE's support in getting the IESO to pay the amounts owing within a reasonable cure period.
- Upon receipt of notice from the OFA that the IESO has failed to pay in accordance with the provisions of a Loan Agreement, MOE will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO, including the intended purpose and

expected timing of such payments to be made by MOE. Upon request, MOE will provide similar information to the Minister of Finance.

- MOE acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment to the IESO, MOE will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

Ontario Financing Authority

1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

(416) 325-8000

Office ontarien de financement

1 rue Dundas ouest
Bureau 1400
Toronto ON M7A
1Y7



October 25, 2017

Mr. Steen Hume
Assistant Deputy Minister, Ministry of Energy
7th Flr, 77 Grenville St
Toronto, ON M7A 2C1

Ms. Kimberly Marshall
Vice-President, Corporate Services and Chief Financial Officer, IESO
120 Adelaide St W #1600
Toronto, ON M5H 1T1

Dear Mr. Steen Hume and Ms. Kimberly Marshall:

I am writing in relation to the Independent Electricity System Operator's ("IESO") request to the Ontario Financing Authority ("OFA") for a new revolving credit facility in an amount of up to ~~CAD~~ \$2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017*. Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

For further certainty, the OFA and the Ministry of Energy ("ENERGY") acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement") on an unsecured basis, the OFA requires ENERGY and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing ~~[\$975 million]~~ credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

- The OFA, the IESO, and ENERGY agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a “Loan Agreement”; together, the “Loan Agreements”):
 - o Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY agree that, in the event that the Legislature appropriates any funds for payment by ENERGY to the IESO for any purpose (“Appropriated Funds”), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the “intercept provision”). Terms relating to the intercept provision shall also be separately included in the Loan Agreements.
 - o If the intercept provision is exercised, the IESO agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.
 - o Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY’s support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.
 - o Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.
 - o ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance’s direction.
 - o For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY.

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

Sincerely,

Ronald Kwan

Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

.....
The undersigned hereby agree to the terms and conditions as set out in this letter agreement and have executed this letter agreement as of the date first noted above.

~~Ontario Financing Authority~~

by: _____

name: ~~Ronald Kwan~~

title: ~~Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA~~

~~c. Gadi Mayman, Chief Executive Officer, OFA~~

Ministry of Energy

by: _____

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by: _____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this “**Amending Agreement**”) is made as of the ____ day of ~~September~~October, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (“**IESO**”)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (“**OFA**”)

(together, the “Parties”)

WHEREAS the Ontario Power Authority (“**OPA**”) and the OFA entered into a credit agreement dated January 1, 2005 (the “**Original Agreement**”);

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name “Independent Electricity System Operator” (“**IESO**”), and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, “Amending Agreement No. 3”), September 27, 2006 (titled, “Amending Agreement No. 4”), July 13, 2007 (titled, “Amending Agreement No. 5”), November 9, 2010 (titled, “Amending Agreement No. 6”), December 20, 2013 (titled, “Amending Agreement No. 7”), December 19, 2014 (titled, “Amending Agreement No. 8”) and November 30, 2016 (titled, “Amending Agreement No. 9”), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the “**Credit Agreement**”, the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from \$975,000,000 to a total principal amount of up to \$475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

2. The definition of “**Commitment**” in Section 1.1 of the Credit Agreement is amended by deleting “\$975,000,000” and substituting “\$475,000,000” therefor.

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3. The definition of “**Permitted Liens**” is amended by adding the following subsection (k):

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2.a(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

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- ~~3.4~~ The following definitions are added to Section 1.1 of the Agreement

“**Clean Energy Adjustment**” has the same meaning as that term is defined in the OFHP.

“**Continued Advance**” has the meaning specified in Section 3.3(1).

“**Current Repayment Date**” has the meaning specified in Section 3.3(2).

“**New Repayment Date**” has the meaning specified in Section 3.3(2).

“**OFHP**” means the Ontario Fair Hydro Plan Act, 2017.

- ~~4.5~~ Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety and replaced by the following:

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

- ~~5.6~~ Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a “**Borrowing Notice**”) shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than

28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the “**Grid Note**”). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of

manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.”

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~~6-7~~ Section 3.3 “Elections Regarding Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

- “(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the “**Continued Advance**”) for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an “**Election Notice**”) shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the “**Current Repayment Date**”), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.
- (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

- (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).
- (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.”

8. Section 5.2 “Acceleration of Maturity; Recission and Annulment” of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

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(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA’s satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

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9. Section 5.7 “Intercept” is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept

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10. Section 7.9 “Entire Agreement” is added to the Agreement, stating as follows:

Section 7.9 Entire Agreement

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This Agreement, including the schedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

~~7-11.~~ Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~8-12.~~ Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~9-13.~~ Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

~~10-14.~~ On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to \$475,000,000 substantially in the form attached hereto as

Schedule 3 (the “**Grid Note**”) and indicating a total principal amount of Advances Outstanding to date of \$401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[signature page follows]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment
Officer, Capital Markets Division

I have authority to bind the corporation.

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief
Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:

- i. principal amount (or portion thereof) of Advance which is to be continued \$_____;
- and
- ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): \$ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$475,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**").

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity :Independent Electricity System Operator

Loan Limit: \$475,000,000

Project:

Schedule of loan transactions to:

Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this “**Amending Agreement**”) is made as of the ~~21st~~ ~~NTD:~~
~~VERIFY DATE — 21st~~ day of ~~September~~ ~~November~~ ~~October~~, 2017 (the “**Effective Date**”)

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (“**IESO**”)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (“**OFA**”)

(together, the “Parties”)

WHEREAS the Ontario Power Authority (“**OPA**”) and the OFA entered into a credit agreement dated January 1, 2005 (the “**Original Agreement**”);

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name “Independent Electricity System Operator” (“**IESO**”), and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, “Amending Agreement No. 3”), September 27, 2006 (titled, “Amending Agreement No. 4”), July 13, 2007 (titled, “Amending Agreement No. 5”), November 9, 2010 (titled, “Amending Agreement No. 6”), December 20, 2013 (titled, “Amending Agreement No. 7”), December 19, 2014 (titled, “Amending Agreement No. 8”) and November 30, 2016 (titled, “Amending Agreement No. 9”), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the “**Credit Agreement**”, the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from \$975,000,000 to a total principal amount of up to \$475,000,000; (ii) amend the use of proceeds under the Credit Agreement; ~~and~~ (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; ~~and~~ (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, ~~as of the Effective Time~~ (as defined below): ~~Date:~~

1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

2. The definition of “**Commitment**” in Section 1.1 of the Credit Agreement is amended by deleting “\$975,000,000” and substituting “\$475,000,000” therefor.

3. The definition of “**Permitted Liens**” is amended by deleting the word “and” at the end of subsection (i); replacing the “.” at the end of subsection (j) and replacing it with “; and”; and adding the following subsection (k):

2-a.(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

- 3-4. The following definitions are added to Section 1.1 of the Credit Agreement

“**Clean Energy Adjustment**” has the same meaning as that term is defined in the OFHP.

“**Continued Advance**” has the meaning specified in Section 3.3(1).

“**Current Repayment Date**” has the meaning specified in Section 3.3(2).

“**New Repayment Date**” has the meaning specified in Section 3.3(2).

“**OFHP**” means the *Ontario Fair Hydro Plan Act, 2017*, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

6. Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a “**Borrowing Notice**”) shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount

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of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the “**Grid Note**”). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.”

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7. Section 3.3 “Elections Regarding Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the “**Continued Advance**”) for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an “**Election Notice**”) shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the “**Current Repayment Date**”), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.”

8. Section 5.2 “Acceleration of Maturity; Recission and Annulement” of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

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(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA’s satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

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9. Section 5.7 “Intercept” is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept

Commented [LS1]: NTD: Added same language as new FHP Credit Facility Agreement

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of [DATE] herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the “**Intercept Letter**”), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO (“**Appropriated Funds**”), amount equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA’s compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA (“**Intercept**”).

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(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO’s failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal

to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

- (d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

Commented [LS3]: NTD: To be amended in FHP Credit Facility Agreement

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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10. Section 7.9 “Entire Agreement” is added to the Credit Agreement, stating as follows:

Section 7.9 Entire Agreement

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This Agreement as amended from time to time and, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

8.11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

9.12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

10.13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

- a. “Effective Time” means that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time by which the Other Financial Transactions (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the “Effective Time”;

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- b. “Other Financial Transactions” means those transactions between the Parties to be completed on the Effective Date prior to the Effective Time in relation to:

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- i. the advance of funds the First Advance as defined under section 3.2(3) a separate of the credit agreement between the Parties in relation to the IESO’s role in the implementation of the OFHP dated INSERT (the “FHP Agreement”) and the subsequent provision by OFA to the IESO of an updated grid in respect of the grid note issued under the Credit Agreement evidencing

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the repayment of the Repayment Amount (as defined under section 3.2(3) of the FHP Agreement); and, in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts;

—ii. the completion of all Advances (as defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date of this Amending Agreement, prior to the Commitment (as defined in the Credit Agreement).. the reduction to nil of the balance owing by IESO to OFA under the Credit Agreement [INSERT \$\$ NUMBER?] in connection with the IESO's role in the implementation of the OFHP as of the Effective Date [as reflected on a revised grid? Suggests there would be two grids but not sure]; and

the continuation of the certain prior advances and the making of new advances to IESO under the Credit Agreement;

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14,15. After the Effective Time, On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to \$475,000,000 substantially in the form attached hereto as Schedule 3 (the “**Grid Note**”) and indicating a total principal amount of Advances Outstanding as of the Effective Time, to date of \$401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[signature page follows]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10
~~as of the date first above written.~~

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment
Officer, Capital Markets Division

I have authority to bind the corporation.

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief
Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:

- i. principal amount (or portion thereof) of Advance which is to be continued \$_____;
- and
- ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): \$ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$475,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**").

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

Line of Credit Grid Note

Entity :Independent Electricity System Operator

Loan Limit:₹475,000,000

Project:

Schedule of loan transactions to:

Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this “**Amending Agreement**”) is made as of the 21st day of November, 2017 (the “**Effective Date**”)

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (“**IESO**”)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (“**OFA**”)

(together, the “**Parties**”)

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WHEREAS the Ontario Power Authority (“**OPA**”) and the OFA entered into a credit agreement dated January 1, 2005 (the “**Original Agreement**”);

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name “Independent Electricity System Operator” (“**IESO**”), and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, “Amending Agreement No. 3”), September 27, 2006 (titled, “Amending Agreement No. 4”), July 13, 2007 (titled, “Amending Agreement No. 5”), November 9, 2010 (titled, “Amending Agreement No. 6”), December 20, 2013 (titled, “Amending Agreement No. 7”), December 19, 2014 (titled, “Amending Agreement No. 8”) and November 30, 2016 (titled, “Amending Agreement No. 9”), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the “**Credit Agreement**”, the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from \$975,000,000 to a total principal amount of up to \$475,000,000; (ii) amend the use of proceeds under the Credit Agreement; (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):

1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

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2. The definition of “**Commitment**” in Section 1.1 of the Credit Agreement is amended by deleting “\$975,000,000” and substituting “\$475,000,000” therefor.
3. The definition of “**Permitted Liens**” is amended by deleting the word “and” at the end of subsection (i); replacing the “.” at the end of subsection (j) and replacing it with “; and”; and adding the following subsection (k):

“(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.”

4. The following definitions are added to Section 1.1 of the Credit Agreement:

“**Clean Energy Adjustment**” has the same meaning as that term is defined in the OFHP.

“**Continued Advance**” has the meaning specified in Section 3.3(1).

“**Current Repayment Date**” has the meaning specified in Section 3.3(2).

“**New Repayment Date**” has the meaning specified in Section 3.3(2).

“**OFHP**” means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

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6. Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a “**Borrowing Notice**”) shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as

permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the “**Grid Note**”). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.”

7. Section 3.3 “Elections Regarding Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the “**Continued Advance**”) for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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- (2) Each notice to continue an Advance for a further period (an “**Election Notice**”) shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the “**Current Repayment Date**”), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

- (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

- (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).
- (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.”
8. Section 5.2 “Acceleration of Maturity; Recission and Annulment” of the Credit Agreement is deleted in its entirety and replaced by the following:
- “If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:
- (a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA’s satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.
- (b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.”
9. Section 5.7 “Intercept” is added to the Credit Agreement, stating as follows:

“Section 5.7 Intercept

- (a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of **November 3rd, 2017** herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the “**Intercept Letter**”), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO (“**Appropriated Funds**”), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA’s compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA (“**Intercept**”).
- (b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO’s failure to pay when due any amounts owing hereunder

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and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

- (c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
- (d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.”

10. Section 7.9 “Entire Agreement” is added to the Credit Agreement, stating as follows:

“Section 7.9 Entire Agreement

This Agreement as amended from time to time and including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.”

11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.
12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.
13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

- a. **“Effective Time”** means ~~that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time on the Effective Date by which the Transfers of Funds (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the “Effective Time”;~~
- b. **“Transfers of Funds”** means ~~those transfers of funds to be completed between the Parties on the Effective Date on the Effective Date prior to the Effective Time, being:~~

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i. ~~funds the First Advance as defined under section 3.2(3) a separate of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated November 3, 2017; and, [INSERT] (the "FHP Agreement") and the subsequent provision by OFA to the IESO of an updated grid in respect of the grid note issued under the Credit Agreement evidencing the repayment of the Repayment Amount (as defined under section 3.2(3) of the FHP Agreement); and, in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts;~~

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ii. ~~ii. the completion of all Advances described in the Election Notice to be provided by the IESO to the OFA no later than November 17, 2017 (such terms having the meanings as defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date; of this Amending Agreement and,~~

iii. ~~the repayment by the IESO of all Advances Outstanding (as defined in the Credit Agreement) exceeding \$475 million; and,~~

~~iv. the payment by the IESO to OFA of the interest then owing under the Credit Agreement.~~

15. The Parties shall endeavour to complete and exchange all usual documentation relating to the Transfers of Funds, and to any other related matters occurring on the Effective Date, prior to 5:00 p.m. on the Effective Date, and in any case no later than the next business day.

16. After the Effective Time, On the date of this Amending Agreement, and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to \$475,000,000 substantially in the form attached hereto as Schedule 3 (the "Grid Note") and indicating a total principal amount of Advances Outstanding as of the Effective Time, to date of \$401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

17. This Amending Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amending Agreement.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[signature page follows]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement ~~No. 10~~ on the dates set out below, which shall come into effect as of the Effective Time as defined herein.~~as of the date first above written.~~

ONTARIO FINANCING AUTHORITY

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Per: _____ Date: November, 2017.
Name: ~~Michael D. Manning~~Gadi Mayman
Title: ~~Executive Director & Chief~~Chief Executive Officer
~~Investment Officer, Capital Markets Division~~

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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Per: _____ Date: November, 2017.
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:

- i. principal amount (or portion thereof) of Advance which is to be continued \$_____;
- and
- ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): \$ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$475,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**").

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

Line of Credit Grid Note

Entity :Independent Electricity System Operator

Loan Limit:₹475,000,000

Project:

Schedule of loan transactions to:

Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this “**Amending Agreement**”) is made as of the 21st [day of November, 2017 (the “**Effective Date**”)

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (“**IESO**”)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (“**OFA**”)

(together, the “Parties”)

WHEREAS the Ontario Power Authority (“**OPA**”) and the OFA entered into a credit agreement dated January 1, 2005 (the “**Original Agreement**”);

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name “Independent Electricity System Operator” (“**IESO**”), and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, “Amending Agreement No. 3”), September 27, 2006 (titled, “Amending Agreement No. 4”), July 13, 2007 (titled, “Amending Agreement No. 5”), November 9, 2010 (titled, “Amending Agreement No. 6”), December 20, 2013 (titled, “Amending Agreement No. 7”), December 19, 2014 (titled, “Amending Agreement No. 8”) and November 30, 2016 (titled, “Amending Agreement No. 9”), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the “**Credit Agreement**”, the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from \$975,000,000 to a total principal amount of up to \$475,000,000; (ii) amend the use of proceeds under the Credit Agreement; (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):

1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

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2. The definition of “**Commitment**” in Section 1.1 of the Credit Agreement is amended by deleting “\$975,000,000” and substituting “\$475,000,000” therefor.
3. The definition of “**Permitted Liens**” is amended by deleting the word “and” at the end of subsection (i); replacing the “.” at the end of subsection (j) and replacing it with “; and”; and adding the following subsection (k):

- ⚙ (k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.”

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4. The following definitions are added to Section 1.1 of the Credit Agreement:

“**Clean Energy Adjustment**” has the same meaning as that term is defined in the OFHP.

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“**Continued Advance**” has the meaning specified in Section 3.3(1).

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“**Current Repayment Date**” has the meaning specified in Section 3.3(2).

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“**New Repayment Date**” has the meaning specified in Section 3.3(2).

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“**OFHP**” means the *Ontario Fair Hydro Plan Act, 2017, S.O. 2017, c. 16, Schedule 1*, including any regulations made thereunder, and all as amended from time to time.

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5. Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

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6. Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a “**Borrowing Notice**”) shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as

permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the “**Grid Note**”). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.”

7. Section 3.3 “Elections Regarding Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the “**Continued Advance**”) for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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(2) Each notice to continue an Advance for a further period (an “**Election Notice**”) shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the “**Current Repayment Date**”), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

- (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).
- (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.”
8. Section 5.2 “Acceleration of Maturity; Recission and Annulment” of the Credit Agreement is deleted in its entirety and replaced by the following:

“If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

- (a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA’s satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.
- (b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.”
9. Section 5.7 “Intercept” is added to the Credit Agreement, stating as follows:

“**Section 5.7 Intercept**

- (a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of ~~November 3rd, 2017~~ herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the “**Intercept Letter**”), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO (“**Appropriated Funds**”), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA’s compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA (“**Intercept**”).
- (b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO’s failure to pay when due any amounts owing hereunder

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and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

- (c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

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- (d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

Commented [LS2]: NTD: To be amended in FHP Credit Facility Agreement

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.”

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10. Section 7.9 “Entire Agreement” is added to the Credit Agreement, stating as follows:

“Section 7.9 Entire Agreement

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This Agreement as amended from time to time and including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.”

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11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.
12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.
13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

- a. “**Effective Time**” means that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time by which the Other Financial Transactions (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the “Effective Time”;

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- b. “**Other Financial Transactions**” means those transactions between the Parties to be completed ~~on the Effective Date~~ prior to the Effective Time in relation to:

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i. ~~the advance of funds~~ the First Advance as defined under section 3.2(3) a ~~separate~~ of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated **INSERT** (the "FHP Agreement") and the subsequent provision by OFA to the IESO of an updated grid in respect of the grid note issued under the Credit Agreement evidencing the repayment of the Repayment Amount (as defined under section 3.2(3) of the FHP Agreement); and, ~~in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts;~~

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~~—ii. the completion of all Advances (as defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date of this Amending Agreement, prior to the Commitment (as defined in the Credit Agreement). the reduction to nil of the balance owing by IESO to OFA under the Credit Agreement [INSERT \$\$ NUMBER?] in connection with the IESO's role in the implementation of the OFHP as of the Effective Date [as reflected on a revised grid? Suggests there would be two grids but not sure]; and~~

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~~the continuation of the certain prior advances and the making of new advances to IESO under the Credit Agreement;~~

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~~14,15.~~ After the Effective Time, ~~On the date of this Amending Agreement,~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to \$475,000,000 substantially in the form attached hereto as Schedule 3 (the "Grid Note") and indicating a total principal amount of Advances Outstanding ~~as of the Effective Time, to date of \$401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[signature page follows]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10
~~as of the date first above written.~~

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment
Officer, Capital Markets Division

I have authority to bind the corporation.

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief
Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:

- i. principal amount (or portion thereof) of Advance which is to be continued \$_____;
- and
- ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): \$ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$475,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**").

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

Line of Credit Grid Note

Entity :Independent Electricity System Operator

Loan Limit:₹475,000,000

Project:

Schedule of loan transactions to:

Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this “**Amending Agreement**”) is made as of the ____ day of ~~September~~October, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (“**IESO**”)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (“**OFA**”)

(together, the “Parties”)

WHEREAS the Ontario Power Authority (“**OPA**”) and the OFA entered into a credit agreement dated January 1, 2005 (the “**Original Agreement**”);

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name “Independent Electricity System Operator” (“**IESO**”), and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, “Amending Agreement No. 3”), September 27, 2006 (titled, “Amending Agreement No. 4”), July 13, 2007 (titled, “Amending Agreement No. 5”), November 9, 2010 (titled, “Amending Agreement No. 6”), December 20, 2013 (titled, “Amending Agreement No. 7”), December 19, 2014 (titled, “Amending Agreement No. 8”) and November 30, 2016 (titled, “Amending Agreement No. 9”), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the “**Credit Agreement**”, the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from \$975,000,000 to a total principal amount of up to \$475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

2. The definition of “**Commitment**” in Section 1.1 of the Credit Agreement is amended by deleting “\$975,000,000” and substituting “\$475,000,000” therefor.

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3. The definition of “**Permitted Liens**” is amended by adding the following subsection (k):

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2.a(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

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- ~~3.4~~ The following definitions are added to Section 1.1 of the Agreement

“**Clean Energy Adjustment**” has the same meaning as that term is defined in the OFHP.

“**Continued Advance**” has the meaning specified in Section 3.3(1).

“**Current Repayment Date**” has the meaning specified in Section 3.3(2).

“**New Repayment Date**” has the meaning specified in Section 3.3(2).

“**OFHP**” means the Ontario Fair Hydro Plan Act, 2017.

- ~~4.5~~ Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety and replaced by the following:

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

- ~~5.6~~ Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a “**Borrowing Notice**”) shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than

28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the “**Grid Note**”). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of

manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.”

~~6-7~~ Section 3.3 “Elections Regarding Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

- “(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the “**Continued Advance**”) for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an “**Election Notice**”) shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the “**Current Repayment Date**”), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.
- (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.”

~~7.8.~~ Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~8.9.~~ Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~9.10.~~ Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

~~10.11.~~ On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to \$475,000,000 substantially in the form attached hereto as Schedule 3 (the “**Grid Note**”) and indicating a total principal amount of Advances Outstanding to date of \$401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[signature page follows]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment
Officer, Capital Markets Division

I have authority to bind the corporation.

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief
Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:

- i. principal amount (or portion thereof) of Advance which is to be continued \$_____;
- and
- ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): \$ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$475,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**").

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity :Independent Electricity System Operator

Loan Limit:₹475,000,000

Project:

Schedule of loan transactions to:

Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this “**Amending Agreement**”) is made as of the (·) day of ~~(·)~~ July, 2017

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (“**IESO**”)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (“**OFA**”)

WHEREAS the Ontario Power Authority (“**OPA**”) and the OFA entered into a credit agreement dated January 1, 2005 (the “**Original Agreement**”), ~~pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN \$500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN \$500,000,000;~~);

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name “Independent Electricity System Operator”, and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, “Amending Agreement No. 3”), September 27, 2006 (titled, “Amending Agreement No. 4”), July 13, 2007 (titled, “Amending Agreement No. 5”), November 9, 2010 (titled, “Amending Agreement No. 6”), December 20, 2013 (titled, “Amending Agreement No. 7”), December 19, 2014 (titled, “Amending Agreement No. 8”) and November 30, 2016 (titled, “Amending Agreement No. 9), ~~the OPA and~~), the OFA ~~and OPA or IESO (as applicable)~~ amended the Original Agreement (as so amended, the “**Credit Agreement**”, the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to \$975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN \$975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the “Amalgamation”) with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is \$114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from \$975,000,000 to a total principal amount of up to \$475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of “Commitment” in Section 1.1 of the Credit Agreement is amended by deleting “\$975,000,000” and substituting “~~\$~~\$475,000,000” therefor.
2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to \$475,000,000 ~~substantially in the form of the grid, which note attached hereto and indicating a~~ total principal amount of advances outstanding to as of the date of \$114,383,131.40 hereof.
3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 “Use of Proceeds” of the Credit Agreement and replace it as follows:

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.”

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[signature page follows]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning

Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services; Chief
Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELEC TRIC ITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$475,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELEC TRIC ITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELEC TRIC ITY SYSTEM OPERARTOR

By: _____

By: _____

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority												
Line of Credit Grid Note												
Entity :		Independent Electricity System Operator										
Loan Limit:		475,000,000.00										
Project:		Regulated Price Plan Variance										
Schedule of loan trans		21-Jul-2017										
Loan Advanced to:		20-Jun-2017										
New Loan and/or Rollover						Actual Repayment						
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days		
19-Aug-2016	\$94,951,024.00	0.8100%	19-Sep-2016	31	\$65,321.10	\$49,331,879.98	\$49,266,558.88	\$65,321.10	19-Sep-2016	31		
19-Sep-2016	\$45,684,465.12	0.8100%	19-Oct-2016	30	\$30,414.59	\$30,283,150.31	\$30,252,735.72	\$30,414.59	19-Oct-2016	30		
19-Oct-2016	\$15,431,729.40	0.7900%	21-Nov-2016	33	\$11,022.06	\$11,022.06	\$0.00	\$11,022.06	21-Nov-2016	33		
21-Nov-2016	\$80,224,794.60	0.7800%	21-Dec-2016	30	\$51,431.79	\$51,431.79	\$0.00	\$51,431.79	21-Dec-2016	30		
21-Dec-2016	\$150,501,105.00	0.8300%	20-Jan-2017	30	\$102,670.62	\$34,297,653.69	\$34,194,983.07	\$102,670.62	20-Jan-2017	30		
20-Jan-2017	\$116,306,121.93	0.8100%	21-Feb-2017	32	\$82,593.28	\$6,005,205.45	\$5,922,612.17	\$82,593.28	21-Feb-2017	32		
21-Feb-2017	\$110,383,509.76	0.8200%	21-Mar-2017	28	\$69,435.76	\$29,244,186.90	\$29,174,751.14	\$69,435.76	21-Mar-2017	28		
21-Mar-2017	\$81,208,758.62	0.8100%	24-Apr-2017	34	\$61,273.68	\$66,756,693.44	\$66,695,419.76	\$61,273.68	24-Apr-2017	34		
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20-Jun-2017	\$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	\$0.00	\$0.00	\$0.00	21-Jul-2017	31		
Total Principal Advanced		\$114,383,131.40										

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this “**Amending Agreement**”) is made as of the (·) day of ~~July~~September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (“**IESO**”)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (“**OFA**”)

(together, the “Parties”)

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WHEREAS the Ontario Power Authority (“**OPA**”) and the OFA entered into a credit agreement dated January 1, 2005 (the “**Original Agreement**”);

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name “Independent Electricity System Operator” (“~~IESO~~”), and the obligations of the OPA became obligations of the IESO;

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, “Amending Agreement No. 3”), September 27, 2006 (titled, “Amending Agreement No. 4”), July 13, 2007 (titled, “Amending Agreement No. 5”), November 9, 2010 (titled, “Amending Agreement No. 6”), December 20, 2013 (titled, “Amending Agreement No. 7”), December 19, 2014 (titled, “Amending Agreement No. 8”) and November 30, 2016 (titled, “Amending Agreement No. 9”), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the “**Credit Agreement**”, the terms defined therein being used herein as therein defined);

AND WHEREAS ~~upon the request of the IESO, and the Parties~~ the OFA have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from \$975,000,000 to a total principal amount of up to \$475,000,000; ~~and~~ (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~ the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the ~~P~~parties agree that:

1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

1.2. The definition of “Commitment” in Section 1.1 of the Credit Agreement is amended by deleting “\$975,000,000” and substituting “\$475,000,000” therefor.

2. ~~(On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to \$475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of \$401,878,030.42 [Insert amount outstanding as of date of execution].)~~

Commented [A1]: Moved to the end to allow schedule references to remain consistent with Credit Agreement

3. ~~Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.~~

3. The following definitions are added to Section 1.1 of the Agreement

“Continued Advance” has the meaning specified in Section 3.3(1).

“Current Repayment Date” has the meaning specified in Section 3.3(2).

“New Repayment Date” has the meaning specified in Section 3.3(2).

4. Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety and replaced by the following:

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

5. Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a “**Borrowing Notice**”) shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest

for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.”

6. Section 3.3 “Elections Regarding Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the “**Continued Advance**”) for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an “**Election Notice**”) shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the “**Current Repayment Date**”), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.”

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to \$475,000,000 substantially in the form of the grid note attached hereto as Schedule 3 and indicating a total principal amount of Advances Outstanding to date of \$401,878,030.42. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

Commented [A2]: As of August 21, 2017. IESO to confirm.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the ~~P~~parties.

[signature page follows]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment
Officer, _____ Capital
Markets Division

I have authority to bind the corporation.

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief
Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

EXECUTED FORM OF GRID NOTE FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is \$ _____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Commented [A3]: Changed "aggregate" to "principal". This is the only substantive change to this form.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name: _____

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is \$ _____, which is comprised of:

- i. principal amount (or portion thereof) of Advance which is to be continued \$ _____;
- and
- ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$ _____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): \$ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$ _____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$ _____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$475,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____
~~Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer~~



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[illegible][illegible]

~~[NTD TO BE UPDATED AT EXECUTION]~~

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Ontario Financing Authority												
Line of Credit Grid Note												
	Entity :	Independent Electricity System Operator										
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	Project:	Regulated Price Plan Variance										
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	Loan Advanced to:	20-Jun-2017										
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New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment	Actual No. Of Days		
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	Total Principal Advanced	\$114,383,131.40										

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this “**Amending Agreement**”) is made as of the (·) day of ~~July~~August, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (“**IESO**”)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (“**OFA**”)

(together, the “Parties”)

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WHEREAS the Ontario Power Authority (“**OPA**”) and the OFA entered into a credit agreement dated January 1, 2005 (the “**Original Agreement**”);

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name “Independent Electricity System Operator” (“~~IESO~~”), and the obligations of the OPA became obligations of the IESO;

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, “Amending Agreement No. 3”), September 27, 2006 (titled, “Amending Agreement No. 4”), July 13, 2007 (titled, “Amending Agreement No. 5”), November 9, 2010 (titled, “Amending Agreement No. 6”), December 20, 2013 (titled, “Amending Agreement No. 7”), December 19, 2014 (titled, “Amending Agreement No. 8”) and November 30, 2016 (titled, “Amending Agreement No. 9”), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the “**Credit Agreement**”, the terms defined therein being used herein as therein defined);

AND WHEREAS ~~upon the request of the IESO, and the Parties~~ the OFA have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from \$975,000,000 to a total principal amount of up to \$475,000,000; ~~and~~ (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~ the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the ~~P~~parties agree that:

1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

1.2. The definition of “Commitment” in Section 1.1 of the Credit Agreement is amended by deleting “\$975,000,000” and substituting “\$475,000,000” therefor.

2. ~~(On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to \$475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of \$401,878,030.42 [Insert amount outstanding as of date of execution].)~~

Commented [A1]: Moved to the end to allow schedule references to remain consistent with Credit Agreement

3. ~~Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.~~

3. The following definitions are added to Section 1.1 of the Agreement

“Continued Advance” has the meaning specified in Section 3.3(1).

“Current Repayment Date” has the meaning specified in Section 3.3(2).

“New Repayment Date” has the meaning specified in Section 3.3(2).

4. Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety and replaced by the following:

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

5. Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) Subject to Section 3.3(4), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a “**Borrowing Notice**”) shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest

for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.”

6. Section 3.3 “Elections Regarding Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the “**Continued Advance**”) for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an “**Election Notice**”) shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the “**Current Repayment Date**”), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the principal amount of the proposed Continued Advance; (c) the total amount of accrued and outstanding interest on the Advance to be paid, and the amount of principal (if any) to be repaid, by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) ~~The total amount of accrued and outstanding interest on the Advance and~~ any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.”

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

Commented [A2]: Note: this is new and the rest of the subsection is in the current agreement. Change is made to clarify that interest is repayable on the Repayment Date and only principle amount can be rolled over

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to \$475,000,000 substantially in the form of the grid note attached hereto as Schedule 3 and indicating a total principal amount of Advances Outstanding to date of \$401,878,030.42. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

Commented [A3]: As of August 21, 2017. IESO to confirm.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the ~~P~~parties.

[signature page follows]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment
Officer, _____ Capital
Markets Division

I have authority to bind the corporation.

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief
Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

EXECUTED FORM OF GRID NOTE FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is \$ _____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Commented [A4]: Changed "aggregate" to "principal". This is the only substantive change to this form.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name: _____

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of the principal amount an Advance or a Continued Advance, as the case may be, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The principal amount of the proposed Continued Advance is \$ _____;

(c) (i) The IESO will pay on the Current Repayment Date all accrued and outstanding interest on the Advance in the amount of: \$ _____;

(ii) The IESO will pay on the Current Repayment Date principal in the amount of: \$ _____;
[being any portion of the Advance not continued for a further period in accordance with this Notice]

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$ _____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$ _____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$475,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____
~~Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer~~

[illegible]

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Ontario Financing Authority												
Line of Credit Grid Note												
	Entity :	Independent Electricity System Operator										
	Loan Limit:	475,000,000.00										
	Project:	Regulated Price Plan Variance										
	Schedule of loan trans	21-Jul-2017										
	Loan Advanced to:	20-Jun-2017										
New Loan and/or Rollover							Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment	Actual No. Of Days		
19-Aug-2016	\$94,951,024.00	0.8100%	19-Sep-2016	31	\$65,321.10	\$49,331,879.98	\$49,266,558.88	\$65,321.10	19-Sep-2016	31		
19-Sep-2016	\$45,684,465.12	0.8100%	19-Oct-2016	30	\$30,414.59	\$30,283,150.31	\$30,252,735.72	\$30,414.59	19-Oct-2016	30		
19-Oct-2016	\$15,431,729.40	0.7900%	21-Nov-2016	33	\$11,022.06	\$11,022.06	\$0.00	\$11,022.06	21-Nov-2016	33		
21-Nov-2016	\$80,224,794.60	0.7800%	21-Dec-2016	30	\$51,431.79	\$51,431.79	\$0.00	\$51,431.79	21-Dec-2016	30		
21-Dec-2016	\$150,501,105.00	0.8300%	20-Jan-2017	30	\$102,670.62	\$34,297,653.69	\$34,194,983.07	\$102,670.62	20-Jan-2017	30		
20-Jan-2017	\$116,306,121.93	0.8100%	21-Feb-2017	32	\$82,593.28	\$6,005,205.45	\$5,922,612.17	\$82,593.28	21-Feb-2017	32		
21-Feb-2017	\$110,383,509.76	0.8200%	21-Mar-2017	28	\$69,435.76	\$29,244,186.90	\$29,174,751.14	\$69,435.76	21-Mar-2017	28		
21-Mar-2017	\$81,208,758.62	0.8100%	24-Apr-2017	34	\$61,273.68	\$66,756,693.44	\$66,695,419.76	\$61,273.68	24-Apr-2017	34		
24-Apr-2017	\$14,513,338.86	0.8000%	23-May-2017	29	\$9,224.92	\$14,522,563.78	\$14,513,338.86	\$9,224.92	23-May-2017	29		
20-Jun-2017	\$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	\$0.00	\$0.00	\$0.00	21-Jul-2017	31		
	Project:	Rural or Remote Electricity Rate Protection Variance										
	Schedule of loan trans	20-Jun-2017										
	Loan Advanced to:	20-Jun-2017										
New Loan and/or Rollover							Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment	Actual No. Of Days		
18-May-2017	\$1,193,999.75	0.7800%	20-Jun-2017	33	\$842.02	\$842.02	\$0.00	\$842.02	20-Jun-2017	33		
20-Jun-2017	\$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	\$0.00	\$0.00	\$0.00	21-Jul-2017	31		
	Total Principal Advanced	\$114,383,131.40										

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this “**Amending Agreement**”) is made as of the (·) day of ~~July~~August, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (“**IESO**”)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (“**OFA**”)

(together, the “Parties”)

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WHEREAS the Ontario Power Authority (“**OPA**”) and the OFA entered into a credit agreement dated January 1, 2005 (the “**Original Agreement**”);

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name “Independent Electricity System Operator” (“~~IESO~~”), and the obligations of the OPA became obligations of the IESO;

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, “Amending Agreement No. 3”), September 27, 2006 (titled, “Amending Agreement No. 4”), July 13, 2007 (titled, “Amending Agreement No. 5”), November 9, 2010 (titled, “Amending Agreement No. 6”), December 20, 2013 (titled, “Amending Agreement No. 7”), December 19, 2014 (titled, “Amending Agreement No. 8”) and November 30, 2016 (titled, “Amending Agreement No. 9”), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the “**Credit Agreement**”, the terms defined therein being used herein as therein defined);

AND WHEREAS ~~upon the request of the IESO, and the Parties~~ the OFA have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from \$975,000,000 to a total principal amount of up to \$475,000,000; and (ii) amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~ the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the ~~P~~parties agree that:

1. The definition of “Commitment” in Section 1.1 of the Credit Agreement is amended by deleting “\$975,000,000” and substituting “\$475,000,000” therefor.
- ~~2.~~ On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

principal amount of up to \$475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of ~~\$401,878,030.42~~ ~~Insert amount outstanding as of date of execution~~.

Commented [A1]: As of August 21, 2017. IESO to confirm.

~~3.2~~ Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

~~4.3~~ Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the ~~P~~parties.

[signature page follows]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning

Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services; Chief
Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED FORM OF~~ GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$475,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____
~~Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer~~

[illegible]

~~[NTD TO BE UPDATED AT EXECUTION]~~



Ontario Financing Authority												
Line of Credit Grid Note												
	Entity :	Independent Electricity System Operator										
	Loan Limit:	475,000,000.00										
	Project:	Regulated Price Plan Variance										
	Schedule of loan trans	21-Jul-2017										
	Loan Advanced to:	20-Jun-2017										
New Loan and/or Rollover						Actual Repayment						
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment	Actual No. Of Days		
19-Aug-2016	\$94,951,024.00	0.8100%	19-Sep-2016	31	\$65,321.10	\$49,331,879.98	\$49,266,558.88	\$65,321.10	19-Sep-2016	31		
19-Sep-2016	\$45,684,465.12	0.8100%	19-Oct-2016	30	\$30,414.59	\$30,283,150.31	\$30,252,735.72	\$30,414.59	19-Oct-2016	30		
19-Oct-2016	\$15,431,729.40	0.7900%	21-Nov-2016	33	\$11,022.06	\$11,022.06	\$0.00	\$11,022.06	21-Nov-2016	33		
21-Nov-2016	\$80,224,794.60	0.7800%	21-Dec-2016	30	\$51,431.79	\$51,431.79	\$0.00	\$51,431.79	21-Dec-2016	30		
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20-Jan-2017	\$116,306,121.93	0.8100%	21-Feb-2017	32	\$82,593.28	\$6,005,205.45	\$5,922,612.17	\$82,593.28	21-Feb-2017	32		
21-Feb-2017	\$110,383,509.76	0.8200%	21-Mar-2017	28	\$69,435.76	\$29,244,186.90	\$29,174,751.14	\$69,435.76	21-Mar-2017	28		
21-Mar-2017	\$81,208,758.62	0.8100%	24-Apr-2017	34	\$61,273.68	\$66,756,693.44	\$66,695,419.76	\$61,273.68	24-Apr-2017	34		
24-Apr-2017	\$14,513,338.86	0.8000%	23-May-2017	29	\$9,224.92	\$14,522,563.78	\$14,513,338.86	\$9,224.92	23-May-2017	29		
20-Jun-2017	\$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	\$0.00	\$0.00	\$0.00	21-Jul-2017	31		
	Project:	Rural or Remote Electricity Rate Protection Variance										
	Schedule of loan trans	20-Jun-2017										
	Loan Advanced to:	20-Jun-2017										
New Loan and/or Rollover						Actual Repayment						
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment	Actual No. Of Days		
18-May-2017	\$1,193,999.75	0.7800%	20-Jun-2017	33	\$842.02	\$842.02	\$0.00	\$842.02	20-Jun-2017	33		
20-Jun-2017	\$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	\$0.00	\$0.00	\$0.00	21-Jul-2017	31		
	Total Principal Advanced	\$114,383,131.40										

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this “**Amending Agreement**”) is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (“**IESO**”)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (“**OFA**”)

WHEREAS the Ontario Power Authority (“**OPA**”) and the OFA entered into a credit agreement dated January 1, 2005 (the “**Original Agreement**”);

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name “Independent Electricity System Operator” (“**IESO**”), and the obligations of the OPA became obligations of the- ~~IESO amalgamated corporation;~~

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, “Amending Agreement No. 3”), September 27, 2006 (titled, “Amending Agreement No. 4”), July 13, 2007 (titled, “Amending Agreement No. 5”), November 9, 2010 (titled, “Amending Agreement No. 6”), December 20, 2013 (titled, “Amending Agreement No. 7”), December 19, 2014 (titled, “Amending Agreement No. 8”) and November 30, 2016 (titled, “Amending Agreement No. 9”), the ~~OFA and~~ OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the “**Credit Agreement**”, the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount available under the Credit Agreement of the operating facility from \$975,000,000 to a total principal amount of up to \$475,000,000; and (ii) ~~amend the use of proceeds under the Credit Agreement to update the uses which IESO may make of the funds drawn under the facility;~~

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of “Commitment” in Section 1.1 of the Credit Agreement is amended by deleting “\$975,000,000” and substituting “\$475,000,000” therefor.
2. ~~On~~ the date of this Amending Agreement and prior to any further ~~Advances~~ under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

Commented [A1]: NOTE: IESO proposed changes to Paragraphs 2 & 3 have NOT been accepted. Track changes show minor changes to OFA original clauses to true up the references to the appropriate defined terms in the Credit Agreement.

principal amount of up to \$475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of ~~A~~advances ~~O~~outstanding to date of \$ ~~Insert amount outstanding as of date of execution~~ ~~114,383,131.40~~.

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3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

4. ~~Delete~~ Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~and replace it as follows:~~

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[signature page follows]

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning

Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services; Chief
Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$475,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____
Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this “**Amending Agreement**”) is made as of the (·) day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under [Part II of the Electricity Act, 1998](#) (“**IESO**”)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (“**OFA**”)

(together, the “Parties”)

WHEREAS the Ontario Power Authority (“**OPA**”) and the OFA entered into a credit agreement dated January 1, 2005 (the “**Original Agreement**”);

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name “Independent Electricity System Operator” (“**IESO**”), and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, “Amending Agreement No. 3”), September 27, 2006 (titled, “Amending Agreement No. 4”), July 13, 2007 (titled, “Amending Agreement No. 5”), November 9, 2010 (titled, “Amending Agreement No. 6”), December 20, 2013 (titled, “Amending Agreement No. 7”), December 19, 2014 (titled, “Amending Agreement No. 8”) and November 30, 2016 (titled, “Amending Agreement No. 9”), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the “**Credit Agreement**”, the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from \$975,000,000 to a total principal amount of up to \$475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

2. The definition of “Commitment” in Section 1.1 of the Credit Agreement is amended by deleting “\$975,000,000” and substituting “\$475,000,000” therefor.

3. The following definitions are added to Section 1.1 of the Agreement

“**Continued Advance**” has the meaning specified in Section 3.3(1).

“**Current Repayment Date**” has the meaning specified in Section 3.3(2).

“**New Repayment Date**” has the meaning specified in Section 3.3(2).

Commented [VB1]: NOTE – consider changing ultimate repayment date to later than December 31, 2019 to align with FHP dates.

4. Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety and replaced by the following:

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

5. Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a “**Borrowing Notice**”) shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the “**Grid Note**”). The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~ **Grid Note**. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.”

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6. Section 3.3 “Elections Regarding Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the “**Continued Advance**”) for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an “**Election Notice**”) shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the “**Current Repayment Date**”), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid ~~or re-paid~~ by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.”

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, ~~the IESO shall execute and deliver to the OFA~~ a new grid promissory note in the principal amount of up to \$475,000,000 substantially in the form ~~of the grid note~~ attached hereto as Schedule 3 ~~(the “Grid Note”)~~ and indicating a total principal amount of Advances Outstanding to date ~~of \$401,878,030.42~~. Upon receipt of the new ~~grid promissory note~~ Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

Commented [LS2]: Sarah/W ill – Is this deletion more accurate? The original language is consistent with the draft FHP credit facility agreement

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Commented [LS3]: Sarah/W ill – please note. Requires completed Grid Note with numbers.

Commented [A4]: As of August 21, 2017. IESO to confirm.

Commented [LS5]: This amount needs to be confirmed prior to execution of agreement

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[signature page follows]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment
Officer, Capital Markets Division

I have authority to bind the corporation.

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief
Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice **I. ELECTION NOTICE**

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:

- i. principal amount (or portion thereof) of Advance which is to be continued \$_____;
- and
- ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): \$ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice**II. BORROWING NOTICE****[to be included if applicable]**

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

Commented [LS6]: Note to Sarah/Will – Please ensure that you provide IESO with actual completed Grid Note; this is just the form

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$475,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

Commented [VB7]: The term "Note" is not defined in the Agreement as far as I can tell, having checked all amendments. It occurs 6 times on this page. In the 2nd para, the term "grid promissory note" is also used and means the same thing. These should be consistent. "Note" should be defined, or we could use "Grid Note" throughout, but again it's preferable for it to be defined in some manner.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the ~~grid promissory note~~ Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

Commented [LS8]: "Grid Note" now defined in s. 3.2 of Credit Agreement.

Commented [LS9]: NTD: Consistent with FHP credit facility language; is this accurate or would you prefer to use "Grid"?

The outstanding principal amount of each Advance under this ~~Grid Note Note~~ together with all interest accrued thereon shall become due and payable as specified in the ~~Credit Agreement~~ dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). ~~All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.~~

Commented [VB10]: The original 2005 agreement is not defined as or entitled "Credit Agreement", so this occurrence should be lower case.

Commented [LS11]: "Grid Note" now defined in s. 3.2 of Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this “**Amending Agreement**”) is made as of the (·) day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (“**IESO**”)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (“**OFA**”)

(together, the “Parties”)

WHEREAS the Ontario Power Authority (“**OPA**”) and the OFA entered into a credit agreement dated January 1, 2005 (the “**Original Agreement**”);

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name “Independent Electricity System Operator” (“**IESO**”), and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, “Amending Agreement No. 3”), September 27, 2006 (titled, “Amending Agreement No. 4”), July 13, 2007 (titled, “Amending Agreement No. 5”), November 9, 2010 (titled, “Amending Agreement No. 6”), December 20, 2013 (titled, “Amending Agreement No. 7”), December 19, 2014 (titled, “Amending Agreement No. 8”) and November 30, 2016 (titled, “Amending Agreement No. 9”), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the “**Credit Agreement**”, the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from \$975,000,000 to a total principal amount of up to \$475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

2. The definition of “Commitment” in Section 1.1 of the Credit Agreement is amended by deleting “\$975,000,000” and substituting “\$475,000,000” therefor.

3. The following definitions are added to Section 1.1 of the Agreement

“**Continued Advance**” has the meaning specified in Section 3.3(1).

“**Current Repayment Date**” has the meaning specified in Section 3.3(2).

“**New Repayment Date**” has the meaning specified in Section 3.3(2).

4. Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety and replaced by the following:

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

5. Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

“(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a “**Borrowing Notice**”) shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the “**Grid Note**”). The IESO authorizes the OFA to record on the ~~grid promissory note~~ Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) ~~(the outstanding principal amount of the Grid Note)~~ Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of ~~the such~~ Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.”

6. Section 3.3 “Elections Regarding Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

Commented [VB1]: Same as “Advances Outstanding”?? Or is this different?

Commented [LS2R1]: Program to confirm,

“(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the “**Continued Advance**”) for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an “**Election Notice**”) shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the “**Current Repayment Date**”), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.”

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to \$475,000,000 substantially in the form attached hereto as Schedule 3 (the “**Grid Note**”) and indicating a total principal amount of Advances Outstanding to date of \$401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

Commented [A3]: As of August 21, 2017. IESO to confirm.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[signature page follows]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment
Officer, Capital Markets Division

I have authority to bind the corporation.

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief
Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:

- i. principal amount (or portion thereof) of Advance which is to be continued \$_____;
- and
- ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): \$ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.2.3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the “Proposed Advance”):

Commented [VB4]: Change of reference

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$475,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

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OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**").

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

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This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

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The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

- (i) Two Billion Dollars; and
- (ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

- (a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;
- (b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;
- (c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;
- (d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows
 - (i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days ~~or longer~~, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province

of Ontario treasury bills immediately preceding ~~on~~ the Reset Date as determined by the Province;

- (ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

- (A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

- (B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

- (iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

- (e) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

Commented [WT1]: Lisa, what type of additional written authorization is required for the Minister to specify 'the amount determined by the Minister of Finance' or is this handled by the Directive that is being drafted?

- (f) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;
- (g) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and
- (h) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the ~~1st~~ day of ~~July~~, 2017.

Commented [WT2]: Lisa, what date should we use?

Ontario Financing Authority

Per:

Gadi Mayman

Chief Executive Officer

[illegible]

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

- (i) Two Billion Dollars; and
- (ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

- (a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;
- (b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;
- (c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;
- (d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows
 - (i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of

Ontario treasury bills immediately preceding the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

- (f) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;
- (g) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and
- (h) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the day of September, 2017.

Ontario Financing Authority

Per:

Gadi Mayman

Chief Executive Officer

SEPTEMBER ___, 2017

[illegible]

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

aAs Lender

~~SHORT TERM~~
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (-), 2017)

SHORT-TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (-) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, as statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO") (as Borrower)

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AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties") (the "OFA") (as Lender)

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RECITALS:

(WHEREAS) The IESO has requested a ~~short-term~~ revolving credit facility for up to a maximum principal amount of CAD \$2 billion from the OFA for the purpose of its funding from the OFA ~~to support~~ the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

Commented [LS1]: Consistent with Directive

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~~(AND WHEREAS pursuant to Directive (-), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (-) cannot exceed \$2,000,000,000;~~

~~AND WHEREAS pursuant to Order in Council (-)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed \$2,000,000,000;~~

Commented [LS2]: Not necessary

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to IESO under Article 3 and **“Advance”** means any one of such advances

“Advances Outstanding” means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

“Agreement”, “herein”, “hereby”, “hereor”, “hereunder” and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression **“Article”** or **“Section”** followed by a number means the specified Article or Section of this Agreement.

“Borrowing Notice” has the meaning specified in Section 3.2.

“Business Day” means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

“Dollars” or **“\$”** means lawful currency of Canada.

“Commitment” means, at any time, an amount equal to \$2 billion.

“Consolidated Assets” means, at any time, the book value of the assets of the IESO and the ~~Subsidiaries~~, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

“Default” means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

“Election Notice” has the meaning specified in Section 3.3(2).

“Event of Default” has the meaning specified in Section 5.1.

Commented [LS3]: Business decision. Delete as per other comments?

Commented [LS4]: As per Sarah H.'s comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

- (a) every obligation of such Person for borrowed money;
- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Note"** means the notes of IESO issued under this Agreement.~~

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
- (c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such ~~(Material Subsidiary)~~ under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [LS6]: I don't think this is necessary. Otherwise there are already references to "Credit Facility" throughout. There are also references to "Grid Note" in Schedule 3.

Commented [LS7]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the

purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

~~**"Short Term Credit Facility"** means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.~~

Commented [LS8]: As per Sarah's comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

Commented [LS9]: Delete as per above?

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Commented [LS10]: Delete if references to “Subsidiary” deleted

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

- ~~(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,~~
- (1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the OFHP.
- ~~(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such the proceeds for each Advance over a period of no more than 12 months from the date of the such Advance."~~

Section 2.3 Commitment and Credit Facility Limits.

The Advances Outstanding ~~to the IESO under the Short Term Credit Facility~~ outstanding shall not at any time exceed the Commitment. The ~~Short Term~~ Credit Facility shall revolve and no ~~repayment~~ under the ~~Short Term~~ Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

Commented [LS11]: Salman please update this section

Commented [WT12]: Salman and Lisa, please comment if this regulation still applies?

Commented [LS13R12]: No. See below

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Commented [LS14]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP? -, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [WT15]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Commented [LS16]: As per internal e-mail chain. IESO to confirm - Short to medium?

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Commented [LS17]: As noted earlier, change to "Credit Facility" throughout

- (1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.
- (2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Commented [LS18]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).
- (2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

[All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the ~~Province-OFA~~ on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the ~~Province-OFA~~.

Commented [LS19]: Why are there references to the Province?

hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the ~~Province~~OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance, which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the ~~grid promissory note~~ Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~ Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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Commented [WT20]: Lisa – Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the \$975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Commented [LS21R20]: 7 days prior? Confirm with Sarah Harris? See s. 3.2 below.

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Commented [LS22]: Change to defined term throughout

Commented [LS23]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

- (2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the ~~requested date of the proposed election~~ Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.
- (3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (4) The ~~Note Credit Facility~~ shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.
- (5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~OFA's Province's~~ cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.
- (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~IESO-Grid Note~~ promissory note in respect of Advances held by it.

Commented [LS24]: Confirm with Capital Markets and be consistent with subsequent reference

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS25]: If referring to Subsidiaries in agreement, include here as well?

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 ~~Payment of Advances.~~

The IESO will duly and punctually pay ~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other~~ amounts owing under this Agreement in accordance with the terms ~~and~~ and subject to the conditions of this Agreement.

Commented [LS26]: Why was this changed? Appears redundant.

Section 4.2 IESO will Maintain its Corporate Existence.

~~(Subject to Section 7.1)~~ The IESO will at all times maintain its corporate existence.

Commented [LS27]: Deleted s. 7.1 as n/a in this context

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

Commented [LS28]: Keep?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;
- (c) Permitted Liens;
- (d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

- (e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~OFA's~~ Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

~~The IESO will provide to the OFA~~ any reports or supporting documents that the OFA may ~~require-request~~ from time to time.

Commented [LS29]: Should we include a timeline? E/g within X business days of request?

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any ~~Loan~~ Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount ~~of such~~ Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5 EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

- (a) the IESO's failure to pay any interest upon -the ~~(principal amount of)~~ any Advance ~~Advance when it becomes due and payable, if such failure continues and all interest accrued thereon on the applicable Repayment Date~~ for a period of 3 ~~B~~business ~~D~~days; ~~and any other amounts owing under this Agreement when due;~~
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:
- (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
 - (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);
- (g) the IESO or any Material Subsidiary :
- (i) becomes generally not able to pay its debts as they become due;
 - (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;
 - (iii) institutes or has instituted against it any proceeding seeking:
 - (A) to adjudicate it a bankrupt or insolvent,
 - (B) liquidation, winding-up or reorganization, arrangement,

Commented [LS30]: Why was this language changed?
Failure to pay principal amount addressed below.

Commented [WT31]: Lisa – should we include failure to perform under 6.1 as well?

Commented [LS32R31]: No – reps and warranties and breach of Agreement covered below (sections (d) and (e)).
Note to MOF Legal: Do you concur?

adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

- (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

- (iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

- (h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of \$5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 —OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

- (a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and

capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Commented [LS33]: N/A in context of IESO

Section 7.1 — Certain Requirements in Respect of Merger, etc.

~~IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

Section 7.2 — Successor Substituted.

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.~~

ARTICLE 8
GENERAL

Commented [LS34]: Change numbering throughout and references if applicable

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

| **IN WITNESS WHEREOF** the Parties have executed this ~~Amending~~ Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

| Per: _____ ~~Name:~~

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (:), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The aggregate amount of the Proposed Advance is \$_____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

- (1) [indicate amount and purpose of funds requested]
- (2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS35]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

- (a) ~~[Identify Advance in question]~~ ~~The date of the proposed election, being a Business Day is _____;~~
(b) The aggregate amount of the proposed election is \$_____;
 i. previous principal amount \$_____
 ii. interest \$_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____

Name:

Authorized Signatory

**SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE**

Principal Amount: Up to \$2,000,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "CompanyIESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the CompanyIESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

Commented [LS36]: Change throughout the Schedule

OFA shall and is unconditionally and absolutely authorized and directed by the CompanyIESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the ~~grid promissory note~~ Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the CompanyIESO.

The CompanyIESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the CompanyIESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

~~Line of~~ Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September __, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the “**IESO**”) (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “**OFA**” and together with the IESO, the “**Parties**”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to \$2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"\$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

- (a) every obligation of such Person for borrowed money;

- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

"New Repayment Date" has the meaning specified in Section 3.3(2).

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and
- (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.~~any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean~~

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~~Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.~~

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and
- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

- (1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.
- (2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).
- (2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the “**New Repayment Date**”). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

- (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.
- (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
- (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.
- (6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subsections 4.6 (a) through (e) hereof.
- (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario’s cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

- (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the nature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

- (a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:
 - (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
 - (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);
- (g) the IESO or any Material Subsidiary:
 - (i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;
 - (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

- (A) to adjudicate it as bankrupt or insolvent,
- (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or
- (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1 (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of \$5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

- (a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

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cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

- (a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

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ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7 GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement and the Schedules constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreements, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the parties before the date the OFA signs this Agreement.

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Section 7.98 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief
Investment Officer,
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$_____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is \$_____, which is comprised of:
i. principal amount (or portion thereof) of Advance which is to be continued \$_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any):
\$ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (-), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY
as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

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REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (-) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the “IESO”) (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “OFA” and together with the IESO, the “Parties”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may include~~includes a “Continued Advance”, as defined in Section 3.3(1), as applicable. |

"**Advances Outstanding**" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"**Agreement**", "**herein**", "**hereby**", "**hereor**", "**hereunder**" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2(1).

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment**" has the same meaning as that term is defined in the OFHP.

"**Commitment**" means, at any time, an amount equal to \$2 billion.

"**Consolidated Assets**" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance**" has the meaning specified in Section 3.3(1).

"**Credit Facility**" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

[▲] "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Dollars**" or "\$" means lawful currency of Canada.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

"**GAAP**" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"**Grid Note**" has the meaning specified in Section 3.2(2).

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

- (a) every obligation of such Person for borrowed money;

- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

"New Repayment Date" has the meaning specified in Section 3.3(2).

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and
- (k) any Lien arising from the IESO's statutory role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP;

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

Commented [VB1]: Please explain concern in narrowing language.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

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Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

- (1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.
- (2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).
- (2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section 3.3(3)-(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), each~~ Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, ~~other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice~~ shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance, ~~and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).
- (2) Each notice ~~for a Continued~~ to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

the Repayment Date of the Advance; ~~(the “Current Repayment Date”)~~, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~amount of the Advance or portion thereof to be continued and to which the election request applies; (Current Repayment Date;~~ (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO on with respect to such Advance on the current Current Repayment Date; ~~(e) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; and (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (e) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued. (the “New Repayment Date”)~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

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(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subsections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

- (1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.
- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual

rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

- (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the nature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;
- (c) Permitted Liens;
- (d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and
- (e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5 EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

- (a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:
 - (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
 - (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

- (i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;
- (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;
- (iii) institutes or has instituted against it any proceeding seeking:
 - (A) to adjudicate it as bankrupt or insolvent,
 - (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or
 - (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or
- (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of \$5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

- (a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7 GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

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Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (-), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The principal amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2
FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO (~~it~~) elects to continue for an additional term all or a portion of ~~a previous~~ an Advance ~~(which may include or~~ a Continued Advance, as the case may be), ~~and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~ and in connection with ~~the foregoing~~ such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election ~~and new Advance (if any),~~ being a Business Day, ~~(being the Current Repayment Date)~~ is _____.

(b) The IESO will pay on the current Repayment Date the following amounts (if any):

i. The amount of interest with respect to the previous Advance is \$ _____ [Insert _____ interest amount to be paid on current Repayment Date].

~~(b.ii.)~~ The amount of principal or portion thereof with respect to the previous Advance is \$ _____.

(c) The aggregate amount of the proposed Continued Advance is \$ _____, which is comprised of:

i. ~~previous~~ _____ principal amount (or portion thereof) of Advance which is to be continued \$ _____; and

ii. ~~ii.~~ _____ accrued interest on ~~previous~~ Advance ~~[or portion thereof]~~ which will not be repaid \$ _____; ~~and paid on or before the Current Repayment Date \$ _____;~~

iii. amount of new Advance \$ _____.

~~(c) The new~~

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any):
\$ _____

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(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

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Borrowing Notice

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The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$ _____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$ _____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the ~~Continued~~Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

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No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

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Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

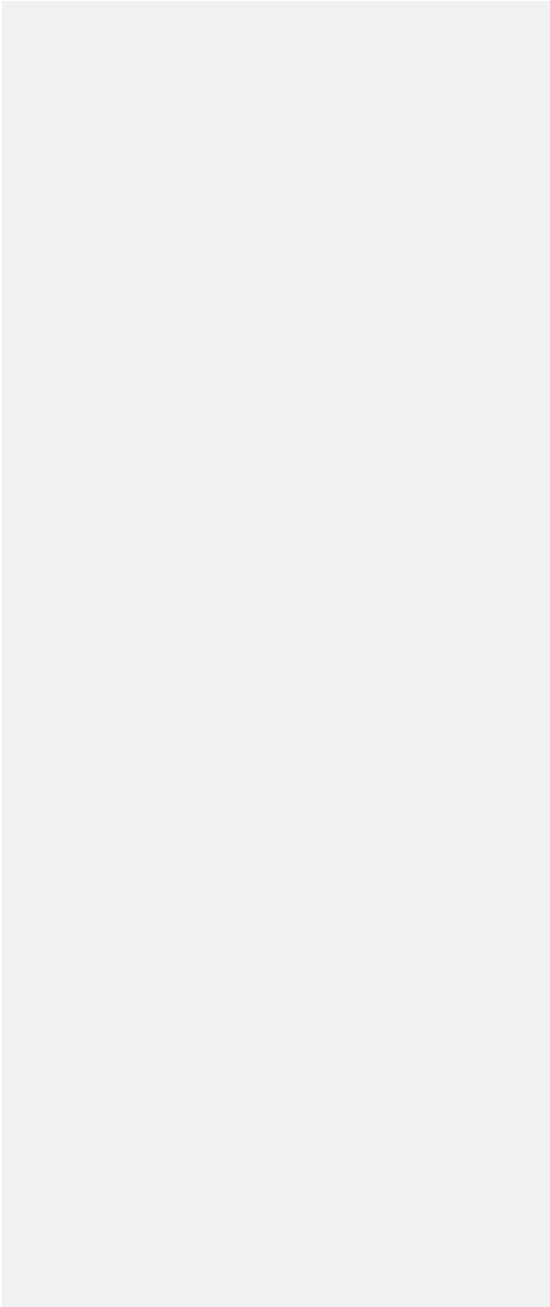
By: _____

Revolving Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (-) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the “IESO”) (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the “OFA” and together with the IESO, the “Parties”) (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of \$2 billion from the OFA for the purpose of supporting the IESO’s role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“**Advances**” means advances made by the OFA to the IESO under Article 3 and “**Advance**” means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may include~~ a “Continued Advance”, as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to \$2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or "\$" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

- (a) every obligation of such Person for borrowed money;

- (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;
- (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);
- (e) every capital lease obligation of such Person;
- (f) the Swap Termination Value of each Swap Contract of such Person; and
- (g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than \$25 million determined in accordance with GAAP.

"New Repayment Date" has the meaning specified in Section 3.3(2).

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

- (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;
- (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;
- (c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

- (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;
- (f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;
- (g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;
- (h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;
- (i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;
- (j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and
- (k) any Lien arising in connection with from the IESO's role and statutory role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP, otherwise,

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

- (a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or
- (b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

- (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and
- (b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

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Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

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Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

- (1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.
- (2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

- (1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.
- (2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

- (1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).
- (2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will-with~~ all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3 ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

- (1) Subject to Section ~~3.3(53)~~, each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2),~~ Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, ~~other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3).~~ Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.
- (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal ~~or portion thereof~~ in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

- (1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance, ~~and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice ~~for to continue an~~ Continued to continue an Advance for a further period (an “**Election Notice**”) shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the “Current Repayment Date”), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; the amount of the Advance or portion thereof to be continued and to which the election request applies; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the Current Repayment Date; (e) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and ~~(d)~~ (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the “New Repayment Date”). ~~For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

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~~(2)(3)~~ An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)(4)~~ The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)(5)~~ Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)(6)~~ The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subsections 4.6 (a) through (e) hereof.

~~(6)(7)~~ All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

- (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.
- (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

- (a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;
- (b) that no Event of Default has occurred and is continuing;
- (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and
- (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4 COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the nature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and ratably with any and all such obligations secured or to be secured by such Lien, for so long as

such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

- (a) the creation, incurrence or assumption of any Purchase Money Mortgage;
- (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO- or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;
- (c) Permitted Liens;
- (d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and
- (e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

- (a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;
- (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;
- (c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;
- (d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;
- (e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;
- (f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least \$5 million, which breaches:
 - (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or
 - (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

- (i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;
- (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;
- (iii) institutes or has instituted against it any proceeding seeking:
 - (A) to adjudicate it as bankrupt or insolvent,
 - (B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or
 - (C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or
- (iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of \$5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

- (a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

- (a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;
- (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;
- (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and
- (d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7 GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

- (1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

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Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1
FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (-), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

- (a) The date of the Proposed Advance, being a Business Day is _____;
- (b) The ~~aggregate~~ **principal** amount of the Proposed Advance is \$ _____;
- (c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

**INDEPENDENT ELECTRICITY
SYSTEM OPERATOR**

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~an previous~~ Advance or a or (which may include a Continued Advance, as the case may be), ~~for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~ and in connection with such election the foregoing, such election, sets forth below the information relating to such election relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election and new Advance (if any), being a Business Day, (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is \$ _____, which is comprised of:

- i. principal amount (or portion thereof) of Advance which is to be continued \$ _____; and
- ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date \$ _____;

(a) The previous Advance to which the election request applies is _____
[Insert principal amount of Advance and Advance date].

~~(b)(c)~~ The IESO will pay on the Current Repayment Date the following amount with respect to the Advances (if any): \$ _____

- i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is \$ _____ [Insert interest amount to be re-paid on current Repayment Date].
- ii. The amount of principal or portion thereof with respect to the previous Advance is \$ _____.

~~(c)(d)~~ The new aggregate total amount of the proposed Continued Advance is \$ _____, which is comprised of:

- i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] \$ _____; and
- ii. accrued interest on previous Advance [or portion thereof] which will not be repaid \$ _____; and
- iii. amount of new Advance \$ _____.

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Commented [CS6]: Application of payment to interest and principal is set out in s. 2.9 of the Agreement

Commented [CS7]: Moved up to (b)

(ed) The ~~New~~ Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

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Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

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Borrowing Notice

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The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: \$ _____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: \$ _____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the ~~Proposed - Continued~~ proposed new Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

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No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

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Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to \$2,000,000,000

Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the [Revolving Credit Facility Agreement](#) dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

Commented [C58]: [NTD : to be replaced with current template Grid Note]

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